

# Leading Asia



ANNUAL REPORT 2020  
FINANCIAL STATEMENTS



*Together with you*

Achieved **RM6.48 billion** net profit despite the challenging year

Robust **15.313%** CET1 capital ratio through continued focus on capital retention

Strong total dividend of **52.0 sen per share**, equivalent to a payout ratio of 91.2%



# Inside This Report

**61<sup>ST</sup>**

## A N N U A L G E N E R A L M E E T I N G

### Broadcasted live from:

Menara Maybank, 100 Jalan Tun Perak,  
50050 Kuala Lumpur, Malaysia



Thursday, 15<sup>th</sup> April 2021



10.00 a.m.

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### OUR PERFORMANCE

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# Highlights of 2020



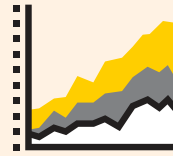
Net Profit\*

**RM6.48 billion**



Return on Equity

**8.1%**



Earnings per Share

**57.7 sen**



CET1 Capital Ratio

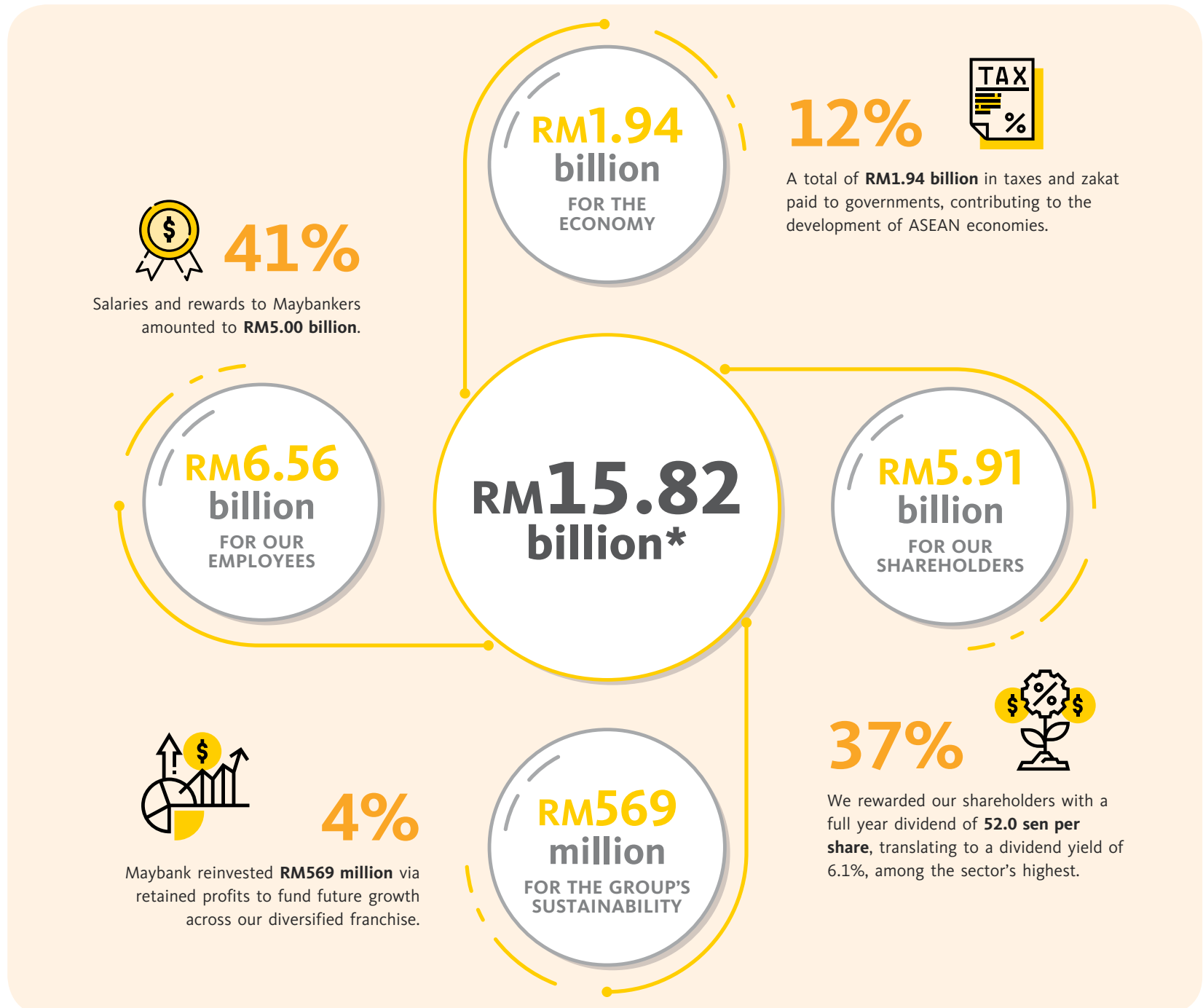
**15.313%**

\* Net profit is equivalent to profit attributable to equity holders of the Bank.

## How We Distribute Value Created

In fulfilling our promise to our stakeholders, Maybank Group distributes value created in relevant and meaningful ways – and for some stakeholder groups, beyond financial means. Stakeholders receive intangible benefits ranging from employee upskilling programmes to diverse community initiatives, in our effort to enable a more sustainable future.

Value created in 2020 was distributed as follows:



\* Includes non-controlling interests, as well as depreciation and amortisation which represent the combined 6% not illustrated above.

# Financial Performance

## FIVE-YEAR GROUP FINANCIAL SUMMARY

	Group FY 31 Dec					Bank FY 31 Dec	
	2016	2017	2018	2019	2020	2019	2020
<b>OPERATING RESULT (RM' million)</b>							
Operating revenue	44,658	45,580	47,320	52,868	<b>51,031</b>	26,929	<b>24,362</b>
Pre-provisioning operating profit ("PPOP") <sup>1</sup>	11,686	11,911	12,416	13,179	<b>13,518</b>	10,283	<b>9,668</b>
Operating profit	8,671	9,883	10,803	10,856	<b>8,448</b>	8,415	<b>6,929</b>
Profit before taxation and zakat	8,844	10,098	10,901	11,014	<b>8,657</b>	8,415	<b>6,929</b>
Profit attributable to equity holders of the Bank	6,743	7,521	8,113	8,198	<b>6,481</b>	7,279	<b>5,965</b>
<b>KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' million)</b>							
Total assets	735,956	765,302	806,992	834,413	<b>856,860</b>	464,360	<b>476,304</b>
Financial investments portfolio <sup>2</sup>	130,902	154,373	177,952	192,830	<b>215,186</b>	126,286	<b>133,580</b>
Loans, advances and financing	477,775	485,584	507,084	513,420	<b>512,210</b>	226,589	<b>229,924</b>
Total liabilities	665,481	690,118	729,254	750,344	<b>769,750</b>	394,297	<b>404,037</b>
Deposits from customers	485,524	502,017	532,733	544,531	<b>556,349</b>	242,758	<b>250,025</b>
Investment accounts of customers	31,545	24,555	23,565	20,738	<b>23,841</b>	–	–
Commitments and contingencies	766,439	811,374	872,955	1,208,623	<b>1,305,385</b>	1,125,440	<b>1,225,860</b>
Paid-up capital/Share capital <sup>3</sup>	10,193	44,250	46,747	48,280	<b>48,280</b>	48,280	<b>48,280</b>
Share premium <sup>3</sup>	28,879	–	–	–	–	–	–
Shareholders' equity	68,516	72,989	75,330	81,571	<b>84,437</b>	70,063	<b>72,266</b>
<b>SHARE INFORMATION</b>							
Per share (sen)							
Basic earnings	67.8	72.0	74.2	73.5	<b>57.7</b>	65.2	<b>53.1</b>
Diluted earnings	67.8	72.0	74.2	73.5	<b>57.7</b>	65.2	<b>53.1</b>
Gross dividend	52.0	55.0	57.0	64.0	<b>52.0</b>	64.0	<b>52.0</b>
Net assets (sen)	672.2	676.9	681.7	725.6	<b>751.1</b>	623.3	<b>642.9</b>
Share price as at 31 Dec (RM)	8.20	9.80	9.50	8.64	<b>8.46</b>	–	–
Market capitalisation (RM' million)	83,584	105,671	104,972	97,125	<b>95,102</b>	–	–
<b>FINANCIAL RATIOS (%)</b>							
Profitability Ratios/Market Share							
Net interest margin on average interest-earning assets	2.3	2.4	2.3	2.3	<b>2.1</b>	1.9	<b>1.8</b>
Net interest on average risk-weighted assets	4.1	4.5	4.6	4.6	<b>4.3</b>	3.5	<b>3.3</b>
Net return on average shareholders' funds	10.6	10.9	11.4	10.9	<b>8.1</b>	11.3	<b>8.4</b>
Net return on average assets	0.9	1.0	1.0	1.0	<b>0.8</b>	1.6	<b>1.3</b>
Net return on average risk-weighted assets	1.8	2.0	2.2	2.2	<b>1.7</b>	3.3	<b>2.6</b>
Cost to income ratio <sup>4</sup>	47.1	48.6	47.5	46.7	<b>45.4</b>	32.8	<b>33.1</b>
Domestic market share in:							
Loans, advances and financing	18.2	18.3	18.1	17.9	<b>18.1</b>	17.9	<b>18.1</b>
Deposits from customers – Savings Account	25.3	25.7	26.1	25.5	<b>25.7</b>	25.5	<b>25.7</b>
Deposits from customers – Current Account	20.4	19.4	19.3	18.4	<b>13.1</b>	18.4	<b>13.1</b>
<b>CAPITAL ADEQUACY RATIOS (%)</b>							
CET1 Capital Ratio	13.990	14.773	15.029	15.729	<b>15.313</b>	15.314	<b>15.581</b>
Tier 1 Capital Ratio	15.664	16.459	15.983	16.486	<b>16.026</b>	16.120	<b>16.343</b>
Total Capital Ratio	19.293	19.383	19.024	19.387	<b>18.683</b>	19.387	<b>18.639</b>
<b>ASSET QUALITY RATIOS</b>							
Net impaired loans (%)	1.60	1.58	1.28	1.33	<b>1.10</b>	1.65	<b>1.31</b>
Loan loss coverage (%)	72.0	71.5	83.6	77.3	<b>106.3</b>	76.1	<b>105.8</b>
Loan-to-deposit ratio (%) <sup>5</sup>	93.9	93.8	92.7	92.4	<b>90.1</b>	87.7	<b>82.4</b>
Deposits to shareholders' fund (times) <sup>6</sup>	7.5	7.2	7.4	6.9	<b>6.9</b>	3.5	<b>3.5</b>
<b>VALUATIONS ON SHARE</b>							
Gross dividend yield (%)	6.3	5.6	6.0	7.4	<b>6.1</b>	–	–
Dividend payout ratio (%)	78.1	78.5	77.3	87.8	<b>91.2</b>	–	–
Price to earnings multiple (times)	12.1	13.6	12.8	11.8	<b>14.7</b>	–	–
Price to book multiple (times)	1.2	1.4	1.4	1.2	<b>1.1</b>	–	–

<sup>1</sup> PPOP is equivalent to operating profit before impairment losses as stated in the income statements of the financial statements.

<sup>2</sup> Prior to adoption of MFRS 9 on 1 January 2018, financial investments portfolio consists of financial investments held-for-trading, financial investments available-for-sale and financial investments held-to-maturity. Upon adoption of MFRS 9, the financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost.

<sup>3</sup> Pursuant to Companies Act 2016, the share capital will cease to have par or nominal value, and share premium becomes part of the share capital.

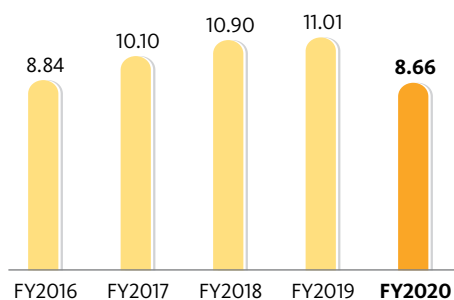
<sup>4</sup> Cost to income ratio is computed using total cost over the net operating income. The total cost of the Group is the total overhead expenses, excluding amortisation of intangible assets for PT Bank Maybank Indonesia Tbk and Maybank Kim Eng Holdings Limited.

<sup>5</sup> Loan-to-deposit ratio is computed using gross loans, advances and financing over deposits from customers and investment accounts of customers.

<sup>6</sup> Deposits to shareholders' fund include investment accounts of customers.

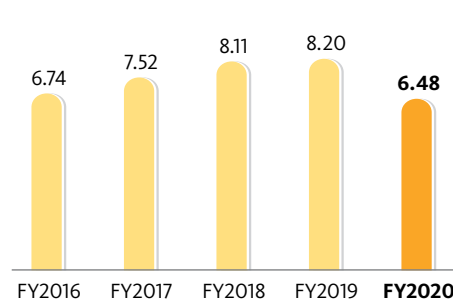
Profit Before Taxation and Zakat

**RM8.66 billion**



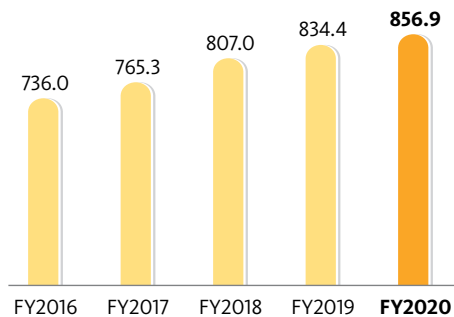
Profit Attributable to Equity Holders of the Bank

**RM6.48 billion**



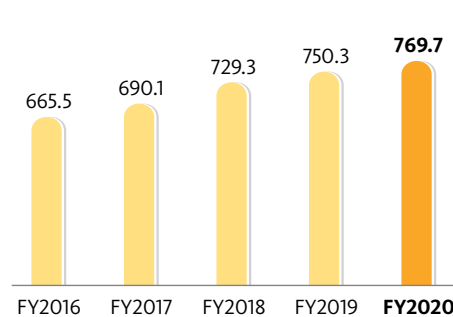
Total Assets

**RM856.9 billion**



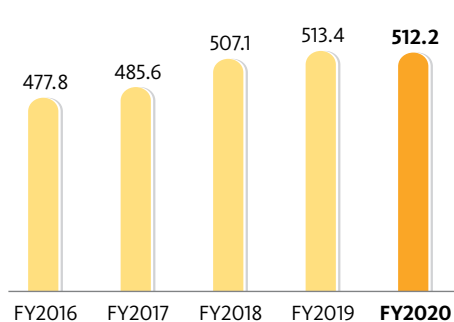
Total Liabilities

**RM769.7 billion**



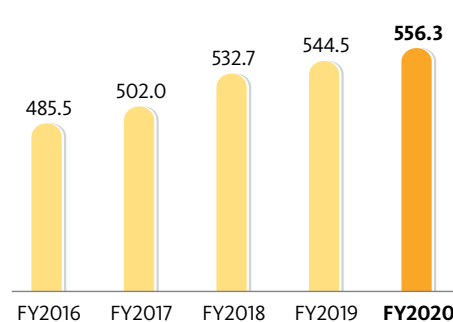
Loans, Advances and Financing

**RM512.2 billion**



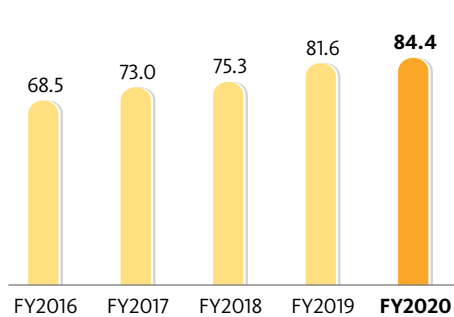
Deposits from Customers

**RM556.3 billion**



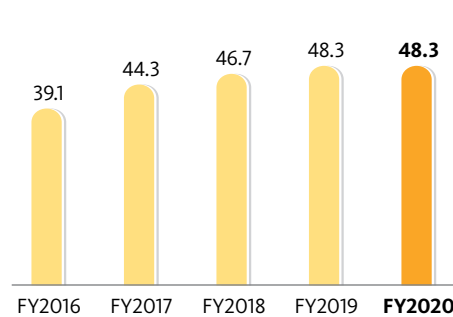
Shareholders' Equity

**RM84.4 billion**



Share Capital<sup>^</sup>

**RM48.3 billion**

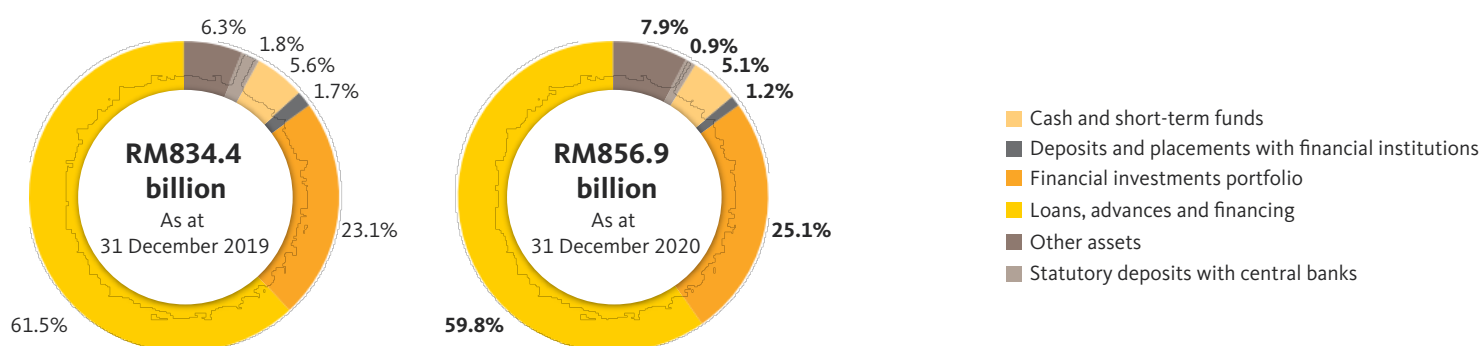


<sup>^</sup> Share capital for FY2016 is inclusive of share premium.

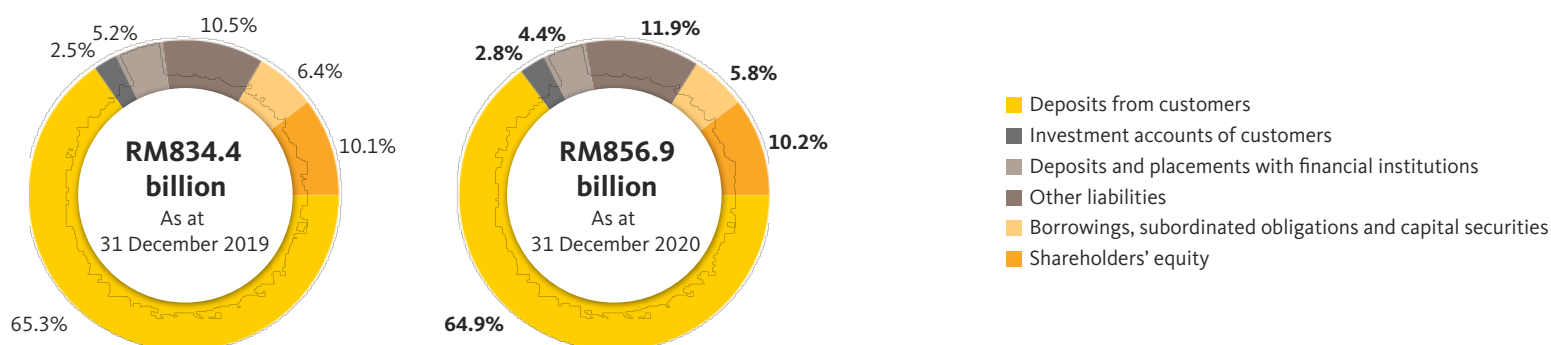
## Financial Performance

### SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

#### Total Assets



#### Total Liabilities & Shareholders' Equity



### GROUP QUARTERLY FINANCIAL PERFORMANCE

RM' million	FY 31 Dec 2020				
	Q1	Q2	Q3	Q4	YEAR
Operating revenue	13,235	11,795	13,756	12,245	51,031
Net interest income (including income from Islamic Banking Scheme operations)	4,532	3,949	4,288	4,457	17,226
Net earned insurance premiums	1,945	1,741	2,990	2,783	9,459
Other operating income	1,333	2,427	2,037	1,502	7,299
Total operating income	7,810	8,118	9,314	8,742	33,984
Operating profit (before impairment losses)	3,782	2,943	3,373	3,420	13,518
Profit before taxation and zakat	2,798	1,256	2,611	1,992	8,657
Profit attributable to equity holders of the Bank	2,050	942	1,952	1,537	6,481
Earnings per share (sen)	18.2	8.4	17.4	13.7	57.7
Dividend per share (sen)	-	-	13.50	38.50	52.00

RM' million	FY 31 Dec 2019				
	Q1	Q2	Q3	Q4	YEAR
Operating revenue	12,976	13,054	13,833	13,005	52,868
Net interest income (including income from Islamic Banking Scheme operations)	4,450	4,301	4,655	4,669	18,075
Net earned insurance premiums	1,627	1,624	1,749	1,761	6,761
Other operating income	1,678	1,980	2,148	1,471	7,277
Total operating income	7,755	7,904	8,552	7,901	32,112
Operating profit (before impairment losses)	3,052	3,068	3,535	3,524	13,179
Profit before taxation and zakat	2,450	2,652	2,648	3,264	11,014
Profit attributable to equity holders of the Bank	1,809	1,941	1,999	2,449	8,198
Earnings per share (sen)	16.4	17.5	17.8	21.8	73.5
Dividend per share (sen)	-	25.00	-	39.00	64.00

**KEY INTEREST BEARING ASSETS AND LIABILITIES**

	FY 31 Dec 2019			FY 31 Dec 2020		
	As at 31 December RM' million	Effective Interest Rate %	Interest Income/ Expense RM' million	As at 31 December RM' million	Effective Interest Rate %	Interest Income/ Expense RM' million
<b>Interest earning assets</b>						
Loans, advances and financing	513,420	5.35	26,416	<b>512,210</b>	<b>5.21</b>	<b>21,498</b>
Cash and short-term funds & deposits and placements with financial institutions	60,562	2.58	1,320	<b>54,014</b>	<b>1.85</b>	<b>772</b>
Financial assets at fair value through profit or loss	34,694	2.64	1,113	<b>41,208</b>	<b>2.28</b>	<b>1,095</b>
Financial investments at fair value through other comprehensive income	123,352	3.27	3,959	<b>127,503</b>	<b>2.45</b>	<b>3,450</b>
Financial investments at amortised cost	34,784	4.50	1,414	<b>46,476</b>	<b>3.55</b>	<b>1,799</b>
<b>Interest bearing liabilities</b>						
Customers' funding:						
– Deposits from customers	544,531	2.18	12,492	<b>556,349</b>	<b>1.44</b>	<b>9,074</b>
– Investment accounts of customers	20,738	2.51	567	<b>23,841</b>	<b>1.62</b>	<b>371</b>
Deposits and placements from financial institutions	43,557	2.21	2,267	<b>37,879</b>	<b>1.37</b>	<b>1,659</b>
Borrowings	41,339	2.78	1,347	<b>38,097</b>	<b>2.06</b>	<b>1,040</b>
Subordinated obligations	9,321	4.63	959	<b>8,968</b>	<b>3.98</b>	<b>1,006</b>
Capital securities	2,827	4.07	185	<b>2,827</b>	<b>4.07</b>	<b>116</b>

**STATEMENT OF VALUE ADDED**

	FY 31 Dec 2019 RM'000	FY 31 Dec 2020 RM'000
Net interest income	12,095,005	<b>11,090,389</b>
Income from Islamic Banking Scheme operations	5,979,577	<b>6,135,582</b>
Net earned insurance premiums	6,760,618	<b>9,458,856</b>
Other operating income	7,276,998	<b>7,299,202</b>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(7,371,318)	<b>(9,220,803)</b>
Overhead expenses excluding personnel expenses, depreciation and amortisation <sup>1</sup>	(4,387,248)	<b>(4,083,105)</b>
Allowances for impairment losses on loans, advances and financing and other debts, net	(2,287,490)	<b>(4,598,581)</b>
Writeback of/(allowances for) impairment losses on financial investments, net	20,400	<b>(413,918)</b>
Allowances for impairment losses on other financial assets, net	(56,344)	<b>(57,741)</b>
Share of profits in associates and joint ventures	158,373	<b>209,147</b>
<b>Value added available for distribution</b>	<b>18,188,571</b>	<b>15,819,028</b>

**DISTRIBUTION OF VALUE ADDED**

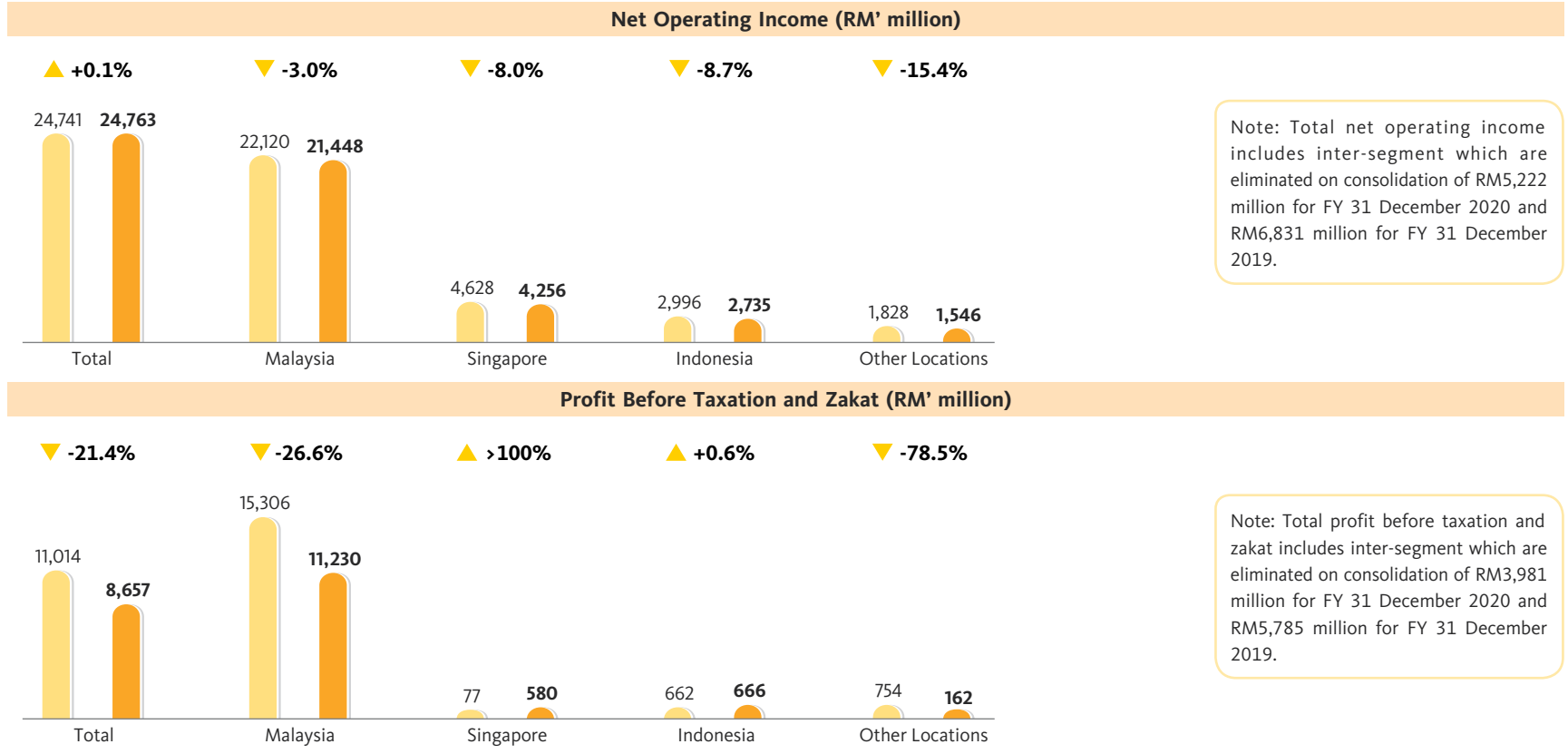
	FY 31 Dec 2019 RM'000	FY 31 Dec 2020 RM'000
To employees:		
Personnel expenses	6,625,037	<b>6,563,189</b>
To the Government:		
Taxation	2,538,231	<b>1,937,877</b>
To providers of capital:		
Dividends paid to shareholders	7,194,472	<b>5,911,971</b>
Non-controlling interests	277,575	<b>237,860</b>
To reinvest to the Group:		
Depreciation and amortisation <sup>1</sup>	549,654	<b>598,883</b>
Retained profits	1,003,602	<b>569,248</b>
<b>Value added available for distribution</b>	<b>18,188,571</b>	<b>15,819,028</b>

<sup>1</sup> Depreciation and amortisation exclude depreciation of right-of-use assets.

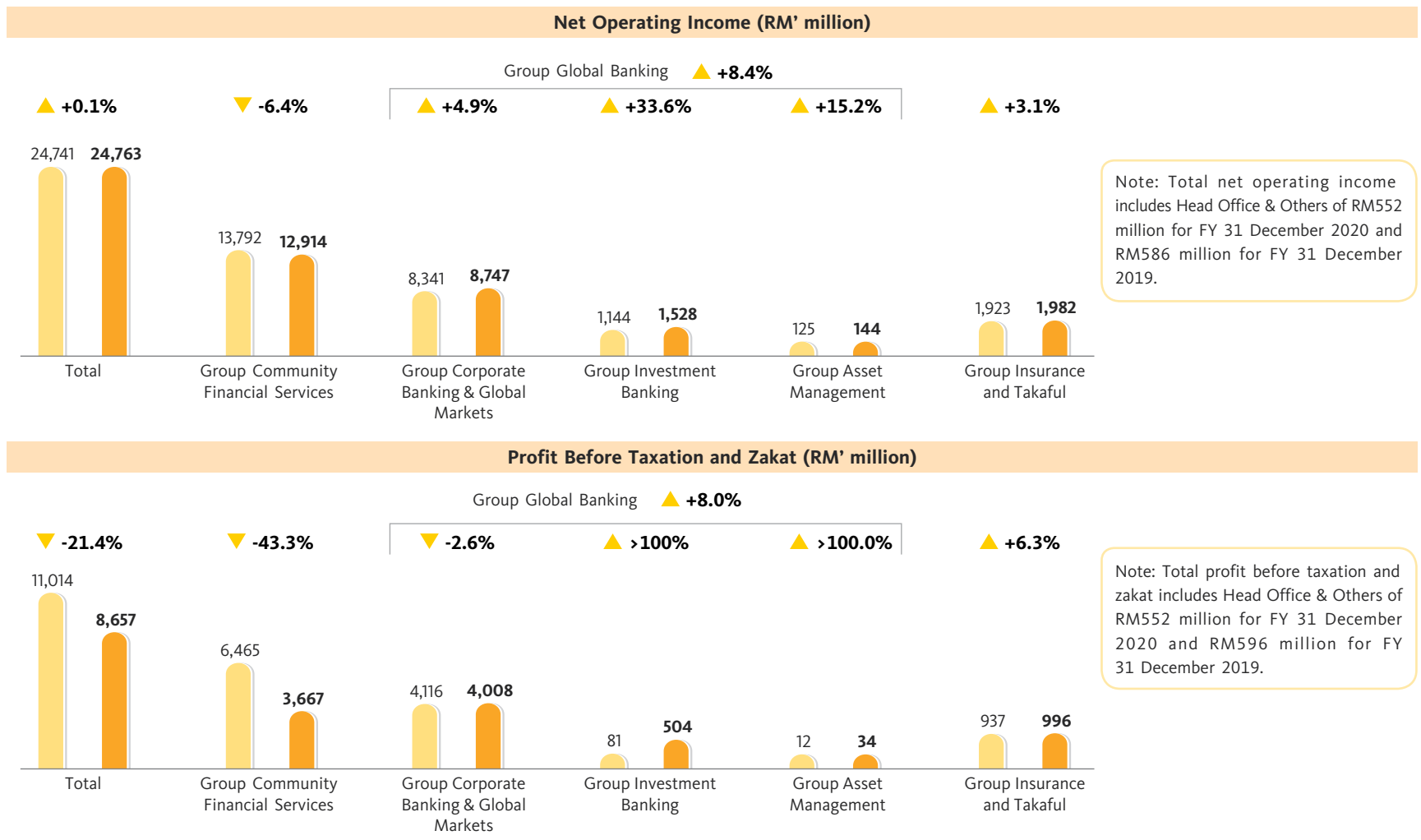
# Financial Performance

## SEGMENTAL INFORMATION

### ANALYSIS BY GEOGRAPHICAL LOCATION



### ANALYSIS BY BUSINESS SEGMENTS



■ FY 31 Dec 2019   ■ FY 31 Dec 2020





# Financial Statements

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# Statement of Directors' Responsibilities

## in respect of the Audited Financial Statements for the Financial Year Ended 31 December 2020

The directors are responsible for ensuring that the annual audited financial statements of the Group and of the Bank are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016, Bank Negara Malaysia's Guidelines and the Listing Requirements of Bursa Malaysia Securities Berhad.

The directors are also responsible for ensuring that the annual audited financial statements of the Group and of the Bank are prepared with reasonable accuracy from the accounting records of the Group and of the Bank so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2020, and of their financial performance and cash flows for the financial year then ended.

In preparing the annual audited financial statements, the directors have:

- considered the applicable approved accounting standards in Malaysia;
- adopted and consistently applied appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on a going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and the Bank have adequate resources to continue in operational existence for the foreseeable future.

The directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Bank to prevent and detect fraud and other irregularities.

# Analysis of Financial Statements

## REVIEW OF FY2020 FINANCIAL RESULTS

The Group posted profit attributable to equity holders of the Bank of RM6,481.2 million in FY2020, a decrease of RM1,716.9 million from FY2019.

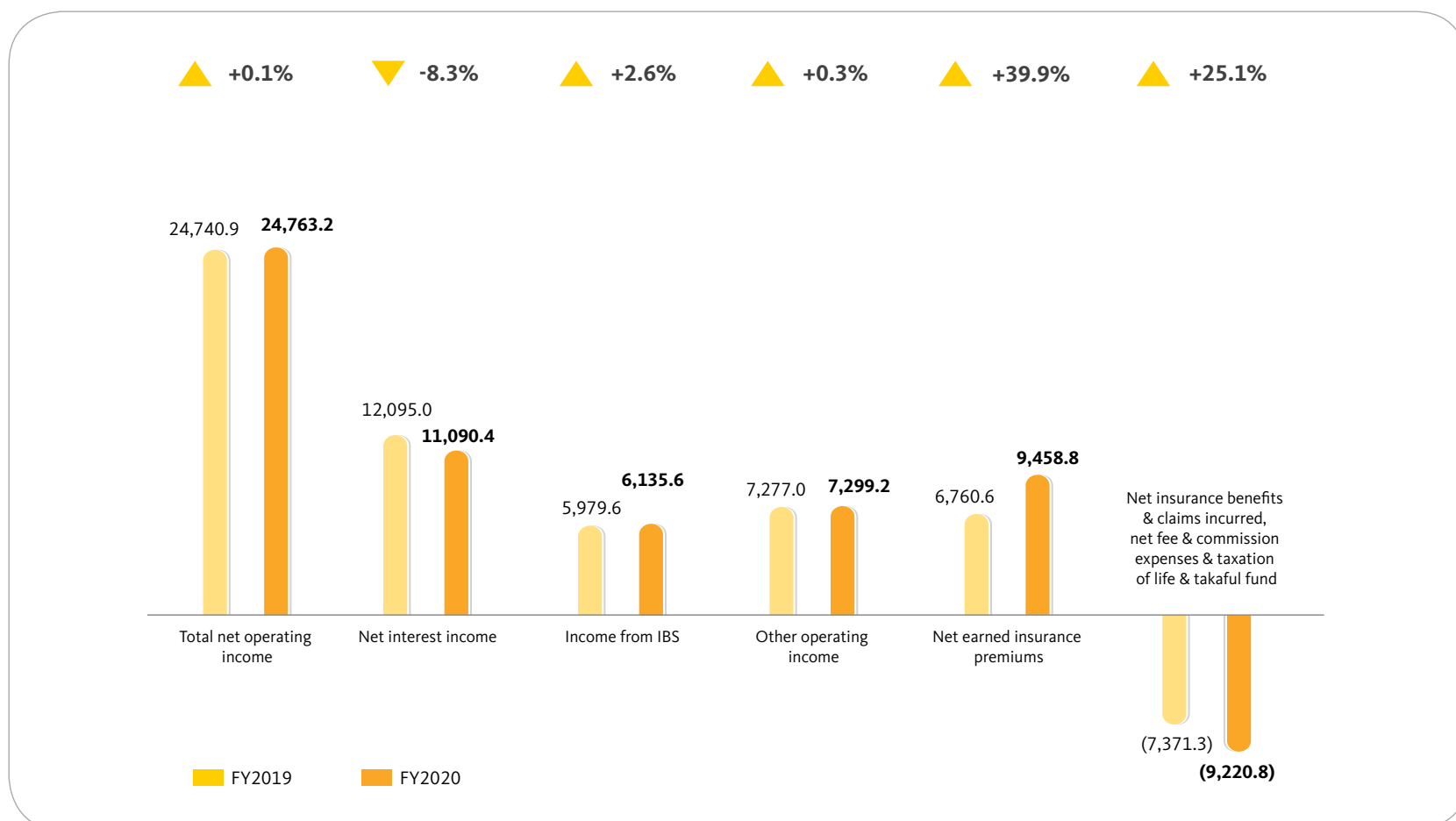
The lower profitability was primarily attributable to higher net allowances for impairment losses on loans, advances and financing by RM2,311.1 million, mitigated by a marginal decrease in overhead expenses by RM316.7 million and flat net operating income.

Higher net allowances for impairment losses on loans, advances and financing in FY2020 was as a result of the proactive provisioning in the form of management overlays for specific businesses and corporates displaying weakness and for forward-looking assumptions given the weakened macroeconomic variables.

## NET OPERATING INCOME

Net operating income growth was flat for the Group in FY2020 which stood at RM24,763.2 million from RM24,740.9 million in FY2019. The marginal improvement of RM22.3 million was contributed by higher in net earned insurance premium of RM2,698.2 million, income from Islamic Banking Scheme operations of RM156.0 million and other operating income of RM22.2 million. The increases were, however, offset by higher net insurance benefits & claims incurred, net fee & commission expenses & taxation of life & takaful fund of RM1,849.5 million and lower net interest income of RM1,004.6 million.

Net Operating Income (RM' million)



## Analysis of Financial Statements

### NET INTEREST INCOME

The Group's net interest income deteriorated by RM1,004.6 million, as net interest margin compressed 17bps YoY to 2.1% driven by sharp policy rate cuts during the financial year across our home markets and the net impact recognised for day-one modification loss for alterations done on fixed rate loans or financing, due to the automatic moratorium granted to borrowers/customers in Malaysia between April until September 2020.

RM' million	FY2019	FY2020	Variance	% Change
<b>Interest Income</b>				
Loans, advances and financing	17,476.6	<b>13,601.1</b>	<b>(3,875.5)</b>	<b>-22.2%</b>
Money at call and deposit and placements with financial institutions	780.0	<b>439.4</b>	<b>(340.6)</b>	<b>-43.7%</b>
Financial investments portfolio	5,525.0	<b>5,120.5</b>	<b>(404.5)</b>	<b>-7.3%</b>
Other interest income	349.4	<b>189.8</b>	<b>(159.6)</b>	<b>-45.7%</b>
	24,131.0	<b>19,350.8</b>	<b>(4,780.2)</b>	<b>-19.8%</b>
<b>Interest Expense</b>				
Deposits and placements from financial institutions	1,121.9	<b>549.2</b>	<b>(572.7)</b>	<b>-51.0%</b>
Deposits from customers	8,083.7	<b>5,573.7</b>	<b>(2,510.0)</b>	<b>-31.1%</b>
Borrowings, subordinated notes and bonds and capital securities	2,073.7	<b>1,680.3</b>	<b>(393.4)</b>	<b>-19.0%</b>
Financial liabilities at fair value through profit or loss	317.4	<b>163.4</b>	<b>(154.0)</b>	<b>-48.5%</b>
Structured deposit	147.0	<b>62.1</b>	<b>(84.9)</b>	<b>-57.7%</b>
Other interest expense	292.3	<b>231.7</b>	<b>(60.6)</b>	<b>-20.7%</b>
	12,036.0	<b>8,260.4</b>	<b>(3,775.6)</b>	<b>-31.4%</b>
<b>Net Interest income</b>	12,095.0	<b>11,090.4</b>	<b>(1,004.6)</b>	<b>-8.3%</b>

### INCOME FROM ISLAMIC BANKING SCHEME OPERATIONS

Income from Islamic Banking Scheme Operations increased by RM156.0 million as a result of positive growth in fund based income of RM140.3 million and fee based income of RM15.7 million.

The YoY growth in fund based income was supported by decreased in income attributable to depositors of RM1,191.1 million, offset with the decrease in income from financing and advances of RM1,042.2 million, resulted from the sharp policy rate cuts and the net impact recognised for day-one modification loss on fixed rate financing, due to automatic moratorium granted to customers in Malaysia between April until September 2020.

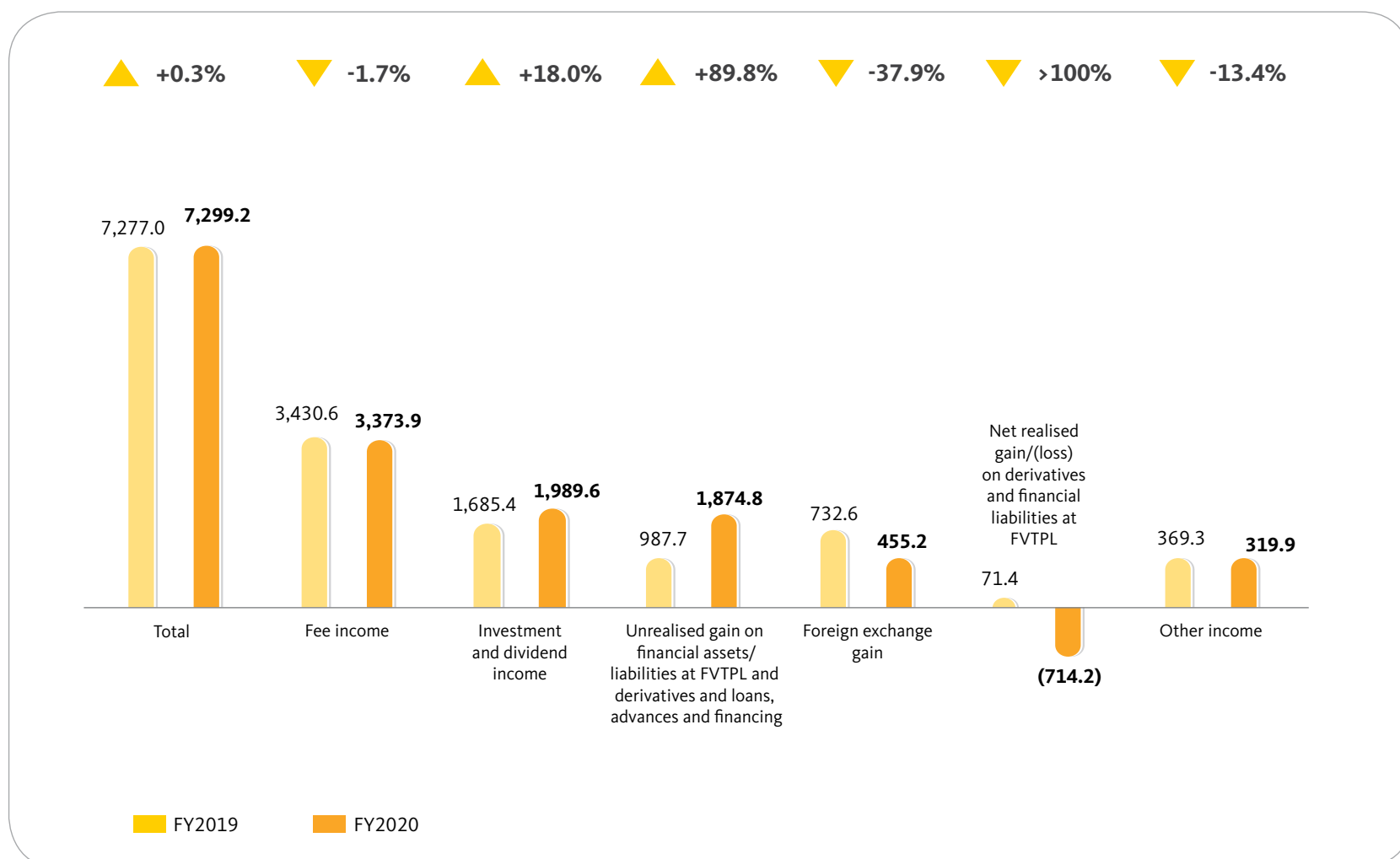
The fee based income improved YoY contributed by higher net gain on disposal of financial investments portfolio of RM27.7 million, higher net gain on foreign exchange of RM28.3 million, higher commission income and brokerage income of RM25.1 million and RM17.1 million respectively. These increases were, however, offset by lower service charges and fees of RM61.9 million and unrealised loss on revaluation of derivatives of RM15.2 million in FY2020 as compared to unrealised gain of RM0.6 million in FY2019.

## OTHER OPERATING INCOME

The Group's other operating income improved by RM22.2 million YoY from RM7,277.0 million in FY2019 to RM7,299.2 million in FY2020 mainly contributed by higher unrealised gain on revaluation of derivatives of RM868.2 million, unrealised gain on revaluation of financial liabilities at fair value through profit or loss ("FVTPL") of RM94.5 million in FY2020 as compared to unrealised loss of RM529.6 million in FY2019, higher net gain in investment income of RM298.5 million and lower realised loss on financial liabilities at FVTPL of RM195.9 million.

The increases were, however, offset by realised loss on derivatives of RM626.9 million in FY2020 as compared to realised gain of RM354.5 million in FY2019, lower unrealised gain on revaluation of financial assets at FVTPL of RM695.5 million and lower net gain on foreign exchange of RM277.4 million.

Other Operating Income (RM' million)



## Analysis of Financial Statements

### OVERHEAD EXPENSES

Due to softer income environment, the Group continued with its cost discipline and managed to lower the overhead expenses by 2.7% YoY to RM11,245.2 million compared to RM11,561.9 million in FY2019 which resulted an improvement in cost to income ratio to 45.4% from 46.7% in FY2019 and positive JAWs of 2.8% for FY2020, outperformed the Group's guidance of below 48%.

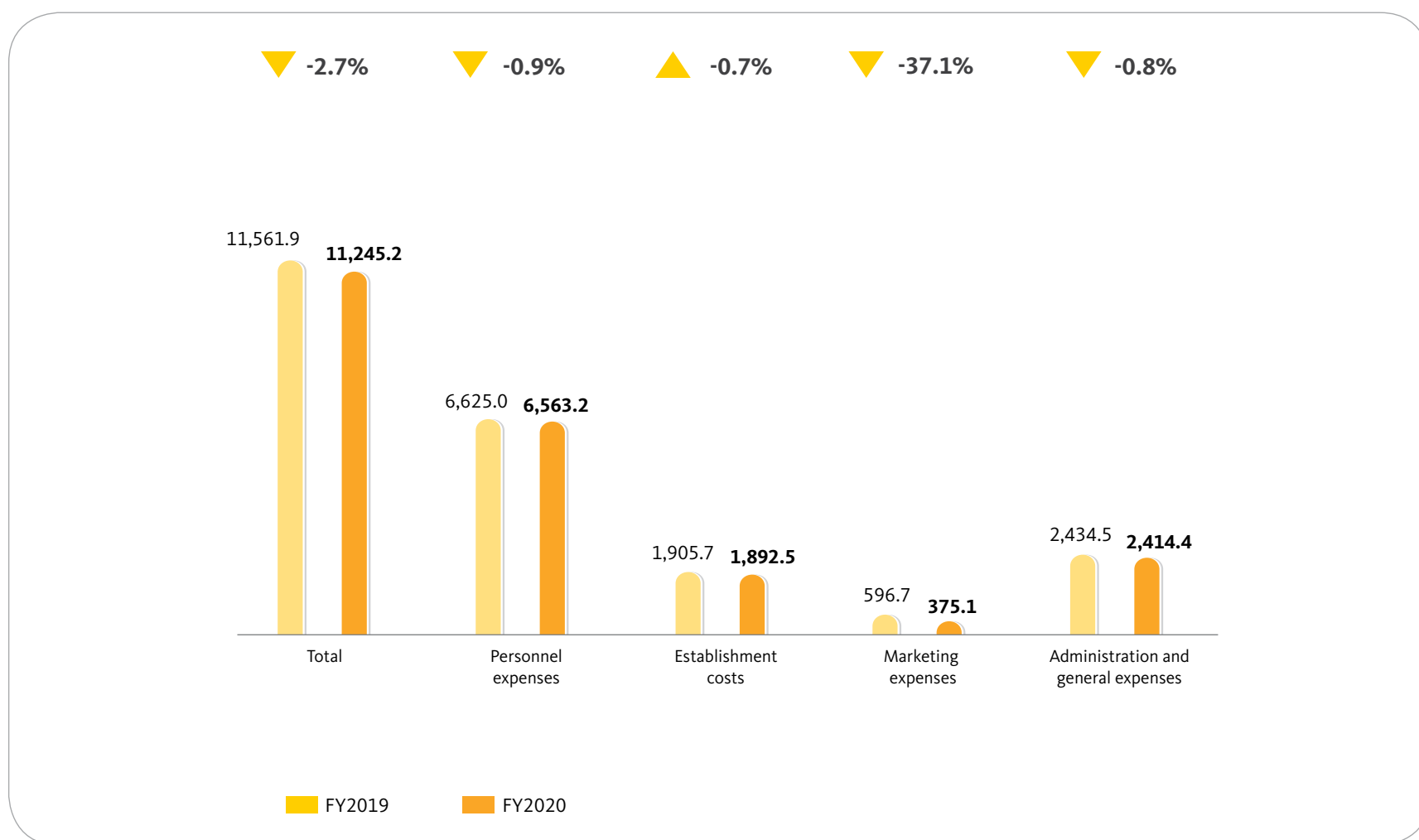
Personnel expenses which represents 58.4% of total overhead expenses, decreased marginally by 0.9% YoY to RM6,563.2 million in FY2020 from RM6,625.0 million in FY2019, attributable to decreased in other staff related expenses of RM89.0 million, offset with the increase in ESGP expenses of RM37.5 million.

Establishment costs decreased by RM13.3 million to RM1,892.5 million in FY2020 arising from lower rental of leasehold land and premises of RM42.6 million and information technology expenses of RM40.6 million. These were offset by higher depreciation of right-of-use assets of RM61.5 million, amortisation of intangible assets of RM34.5 million and depreciation of property, plant and equipment of RM14.8 million.

Marketing expenses decreased by RM221.6 million YoY mainly due to lower spending on marketing and events.

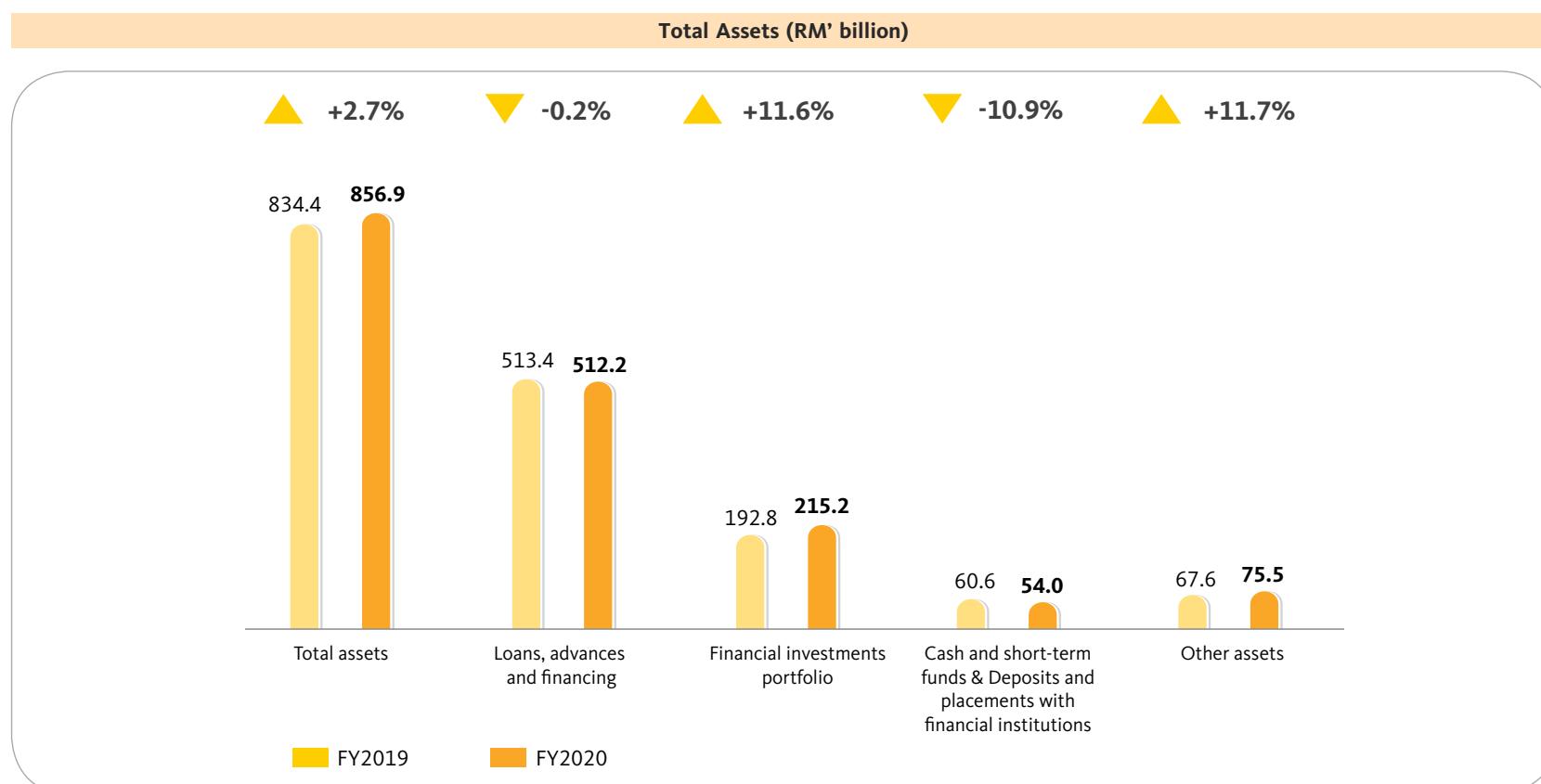
Administration and general expenses decreased by RM20.0 million to RM2,414.4 million in FY2020 mainly due to lower fees and brokerage expenses of RM42.9 million, offset by an increase in administrative and general expenses of RM22.9 million.

Overhead Expenses (RM' million)



## TOTAL ASSETS

The Group's total assets grew by RM22.4 billion or 2.7% as at 31 December 2020 to RM856.9 billion from RM834.4 billion as at 31 December 2019 which was largely driven by the growth in financial investments portfolio of RM22.4 billion and higher other assets of RM7.9 billion mainly contributed by higher derivative assets. The Group's loans, advances and financing stood at RM512.2 billion as at 31 December 2020.



## FINANCIAL INVESTMENTS PORTFOLIO

The Group's financial investments portfolio expanded by RM22.4 billion to RM215.2 billion as at 31 December 2020 arising from the growth in financial investments at amortised cost of RM11.7 billion, financial investments at fair value through profit or loss of RM6.8 billion and financial investments at fair value through other comprehensive income of RM4.2 billion in line with favourable macroeconomic factor.

## LOANS, ADVANCES AND FINANCING

The Group's loans, advances and financing remained flat YoY, as the expansion in Malaysia was offset by declines elsewhere. The contraction was seen in the Group's other home markets, Singapore and Indonesia, which saw their loan portfolios contract 1.9% and 14.8% respectively. For more information, refer to page 40 of Corporate Book.

## EXPOSURES TO COVID-19 IMPACTED SECTORS

The table below presents the loans, advances and financing (net of impairment) by industry sectors identified as directly vulnerable affected by COVID-19 pandemic for the Group and its home markets:

	Maybank Group		Malaysia		Singapore		Indonesia	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	2019 RM'000
Retail and wholesale/trading	7,769,440	10,073,456	2,598,492	3,138,411	3,301,997	5,019,561	176,858	377,982
Accommodation	15,738,162	15,226,409	2,210,260	2,236,835	12,131,281	11,983,026	425,336	339,177
Travel agencies/tourism	1,898,104	2,588,323	174,555	169,756	71,367	55,408	8,765	35,701
Airline/aviation	345,807	357,682	178,410	202,812	22,472	17,314	144,925	137,556
Food and beverage services/restaurants	918,046	805,128	566,743	523,380	328,103	269,068	3,492	274
	<b>26,669,559</b>	<b>29,050,998</b>	<b>5,728,460</b>	<b>6,271,194</b>	<b>15,855,220</b>	<b>17,344,377</b>	<b>759,376</b>	<b>890,690</b>

Similar industry sectors are presented for 31 December 2019 for comparative purposes

## Analysis of Financial Statements

### COVID-19 CUSTOMER RELIEF AND SUPPORT MEASURES

Measures have been rolled out proactively across the Group and the Bank to support borrowers/customers by providing viable financial solutions to help keep them afloat, preventing business failures and lay-offs. For more information on COVID-19 measures, refer to pages 18 to 19 of Corporate Book.

Summary of relief and support measures for retail and non-retail customers as at 31 December 2020:

Group	Retail Customers							Non-retail Customers				Total Relief and Support Measures RM'000
	Mortgages RM'000	Unit Trust RM'000	Hire Purchase RM'000	Credit Card RM'000	Personal Financing RM'000	Others RM'000	Total RM'000	SMEs RM'000	Business Banking RM'000	Corporate Banking RM'000	Total RM'000	
<b>Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&amp;R") granted<sup>1</sup></b>	90,401,136	25,381,539	47,108,166	56,532	758,414	967,679	164,673,466	19,918,686	24,723,720	33,128,433	77,770,839	242,444,305
Resumed repayments	72,771,131	22,747,705	42,009,882	-	59,989	903,644	138,492,351	13,589,522	11,568,273	1,508,323	26,666,118	165,158,469
Extended and repaying as per revised schedules <sup>2</sup>	15,623,690	1,865,842	4,747,816	41,212	685,137	40,430	23,004,127	5,789,252	12,493,125	31,595,110	49,877,487	72,881,614
Missed payments <sup>3</sup>	2,006,315	767,992	350,468	15,320	13,288	23,605	3,176,988	539,912	662,322	25,000	1,227,234	4,404,222
<i>As a percentage of total:</i>												
Resumed repayments	81%	90%	89%	0%	8%	93%	84%	68%	47%	5%	34%	68%
Extended and repaying as per revised schedules	17%	7%	10%	73%	90%	4%	14%	29%	50%	95%	64%	30%
Missed payments	2%	3%	1%	27%	2%	3%	2%	3%	3%	0%	2%	2%

<sup>1</sup> This includes automatic moratorium granted by the Group and the Bank between March until September 2020 announced by Bank Negara Malaysia ("BNM") and Bangko Sentral ng Pilipinas ("BSP")

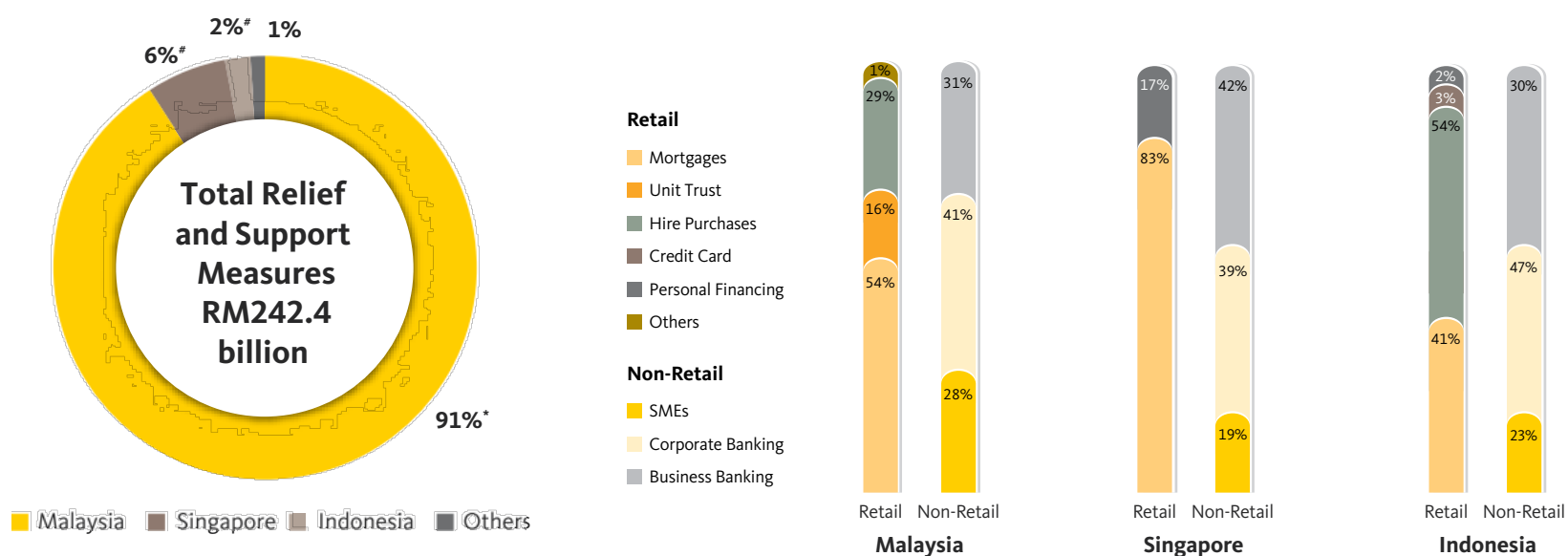
- automatic moratorium under BNM support measures amounting to RM187.4 billion for Malaysia operation which was applicable to retail exclude credit card and SMEs which include RSME and Business Banking borrowers/customers under SME definition. Further details on relief measures announced by BNM are disclosed in Note 2.5(iii) to the financial statements
- automatic moratorium under BSP support measures amounting to RM2.7 billion for the Philippines operation which was applicable to all business segments

<sup>2</sup> The Group and the Bank have approved and facilitated the borrowers/customers who have requested an extension of relief and support measures

<sup>3</sup> Borrowers/customers who have missed payments

As at 31 December 2020, 14.8% of the Group's loans, advances and financing are still under relief and support measures.

### Analysis by Geographical Locations and Business Segments



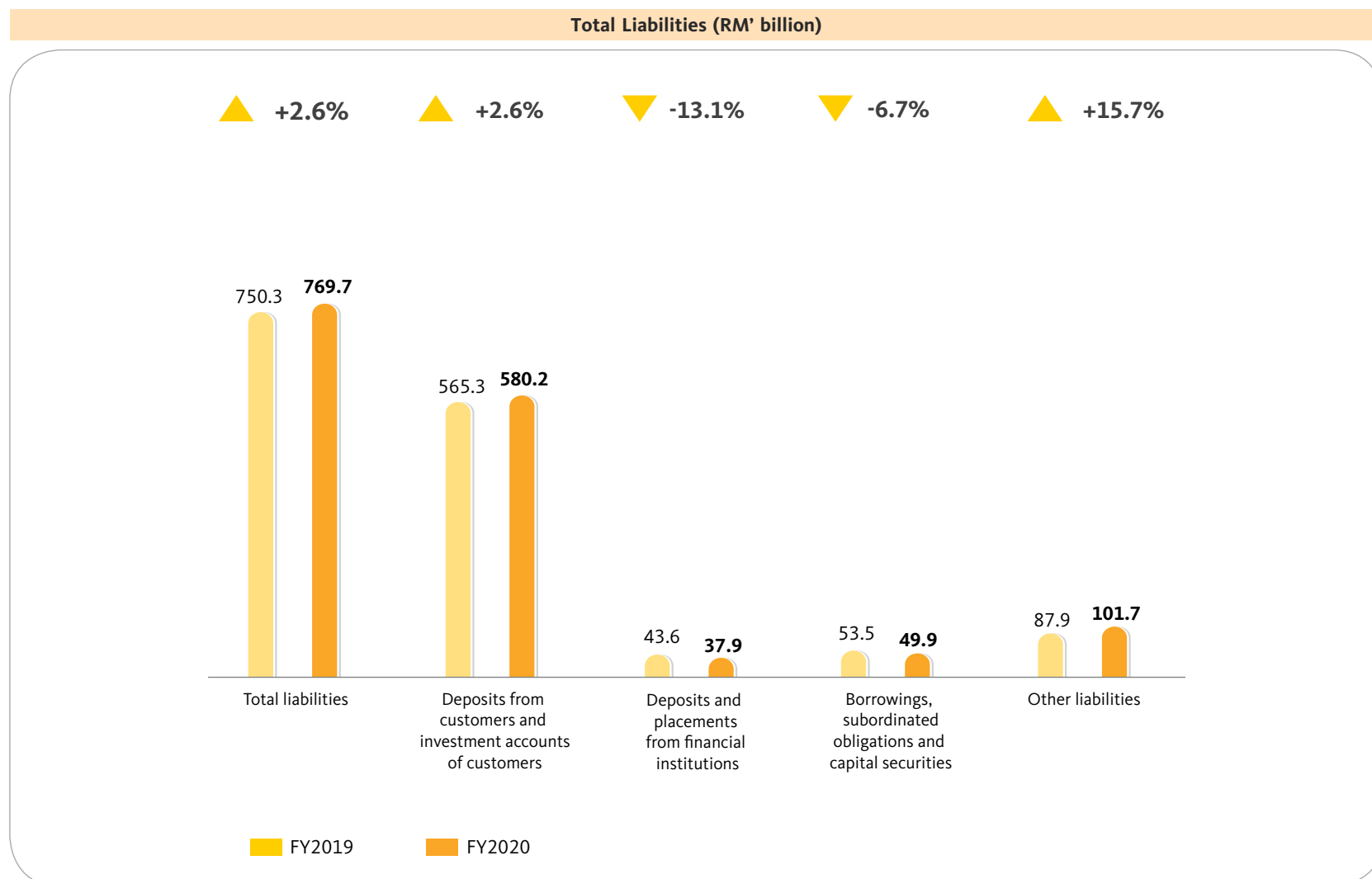
\* As at 31 December 2020, 87% of the total automatic moratorium for retail and SMEs borrowers/customers have resumed repayments while the remaining 13% was granted extended relief support under the various support measures known as Repayment Assistance ("RA"), Targeted Repayment Assistance packages and R&R to the borrowers/customers affected by COVID-19

# These are mainly the loans that the borrowers opted for RA and R&R of which 99% and 94% of the total relief support have made payments as per the revised schedules for Singapore and Indonesia, respectively



## TOTAL LIABILITIES

The Group's total liabilities stood at RM769.7 billion as at 31 December 2020, an increase of 2.6% or RM19.4 billion. The higher total liabilities was primarily attributable to growth in deposits from customers and investment accounts of customers of RM14.9 billion and other liabilities of RM13.8 billion. These were partially offset with a decrease in deposits and placements from financial institutions of RM5.7 billion and a reduction in borrowings, subordinated obligations and capital securities by RM3.6 billion.



## DEPOSITS FROM CUSTOMERS AND INVESTMENT ACCOUNTS OF CUSTOMERS

The Group's deposits from customers and investment accounts of customers saw an impressive growth at 2.6% year-on-year, particularly in low-cost current account and savings account ("CASA"), equating to enhanced Group CASA ratio of 42.8% as at 31 December 2020, from 35.5% in the prior year. For more information, refer to page 40 of Corporate Book.

## OTHER LIABILITIES

The total amount of other liabilities rose by RM13.8 billion or 15.6%, mainly resulted from an increase in borrowings designated at FVTPL and higher insurance/takaful contract liabilities.

# Directors' Report

The Board of Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of Commercial Banking and the provision of related financial services.

The subsidiaries of the Bank are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stockbroking, underwriting of general and life insurance, general and family takaful, trustee and nominee services and asset management. Further details of the subsidiaries are described in Note 66(a) to the financial statements.

There were no significant changes in these principal activities during the financial year.

## RESULTS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	8,656,956	6,929,010
Taxation and zakat	(1,937,877)	(963,883)
Profit for the financial year	6,719,079	5,965,127
Attributable to:		
Equity holders of the Bank	6,481,219	5,965,127
Non-controlling interests	237,860	–
	6,719,079	5,965,127

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those as disclosed in Notes 5, 6, 7, 10, 11, 12, 14, 15, 17, 27, 46, 47 and 48 and the statements of changes in equity to the financial statements.

In the opinion of the Board of Directors, the results of the operations of the Group and of the Bank during the current financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects of COVID-19 pandemic and related support measures as disclosed in Note 2.5(iii) and Note 3.4 to the financial statements.

## DIVIDENDS

The amount of dividends paid/payable by the Bank since 31 December 2019 (as disclosed in Note 53(c) to the financial statements) were as follows:

	RM'000
In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:	
A single-tier second interim cash dividend of 39.0 sen per ordinary share, on 11,241,361,887 ordinary shares, declared on 26 March 2020 and paid on 6 May 2020.	4,384,131
In respect of the financial year ended 31 December 2020:	
A single-tier interim dividend of 13.5 sen per ordinary share, on 11,241,361,887 ordinary shares, which can be elected to be reinvested in new Maybank shares in accordance with Dividend Reinvestment Plan ("DRP"), declared on 27 November 2020. The book closure date and the payment date for the single-tier interim dividend were fixed on 18 December 2020 and 15 January 2021 respectively.	1,517,583*
	5,901,714

\* The financial statements for the current financial year ended 31 December 2020 record a portion of an electable portion of the dividends assumed to be paid in cash in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components).

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2020 of 38.5 sen single-tier dividend per ordinary share amounting to dividend payable of RM4,394,387,936 (based on 11,413,994,640 ordinary shares including new ordinary shares issued on 15 January 2021 pursuant to DRP) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 17.5 sen per ordinary share to be paid in cash amounting to RM1,997,449,062 and an electable portion of 21.0 sen per ordinary share amounting to RM2,396,938,874.

**DIVIDENDS (CONT'D.)**

The electable portion can be elected to be reinvested in new ordinary shares in accordance with the DRP as disclosed in Note 34(a) to the financial statements and subject to the relevant regulatory approvals as well as shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year ended 31 December 2020 do not reflect this proposed final single-tier dividend. Such dividend, if approved by shareholders, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the next financial year ending 31 December 2021.

**MAYBANK GROUP EMPLOYEES' SHARE GRANT PLAN ("ESGP") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE GRANT PLAN ("CESGP")**

The ESGP is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting held on 6 April 2017 and was implemented on 14 December 2018 for a period of seven (7) years from the effective date and is administered by the ESGP Committee. The scheme was awarded to the participating Maybank Group employees who fulfil the eligibility criteria.

The ESGP consists of two (2) types of performance-based awards: Employees' Share Grant Plan ("ESGP Shares") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP"). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of Maybank Group ESGP Committee.

The ESGP Shares is a form of Restricted Share Units ("RSU") and the ESGP Committee may, from time to time during the ESGP period, make further ESGP grants designated as Supplemental ESGP to a selected group of eligible employees to participate in Supplemental ESGP. This selected group may consist of selected key executives, selected key retentions and selected senior external recruits, and such grants may contain terms and conditions which may vary from earlier ESGP grants made available to selected senior management.

The CESGP is a form of Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") and the ESGP Committee may, from time to time during the ESGP period, make further CESGP grants designated as Supplemental CESGP to a selected group of eligible employees to participate in the ESGP. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such Supplemental CESGP grants may contain terms and conditions which may vary from earlier CESGP grants made available to selected employees.

Details on the key features of the ESGP and CESGP are disclosed in Note 34(b) to the financial statements.

Details of shares awarded under the ESGP Shares and CESGP are as follows:

**(a) ESGP Shares**

Award date	Number of ESGP Shares awarded* '000	Vesting date
14.12.2018 – First Grant	12,392	Based on 3-year cliff vesting from grant date and performance metrics
30.09.2019 – Second Grant	13,118	
30.09.2020 – Third Grant	13,541	

**(b) CESGP**

Award date	Number of CESGP awarded* '000	Vesting date
14.12.2018 – First Grant	4,103	Based on 3-year cliff vesting from grant date and CESGP vesting conditions
30.09.2019 – Second Grant	5,000	
30.09.2020 – Third Grant	5,378	

\* The number of shares awarded are based on the assumption that the Group and the eligible employees have met average performance targets.

The maximum number of ordinary shares in the Bank available under the ESGP should not exceed 3.5% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme.

## Directors' Report

### MAYBANK GROUP EMPLOYEES' SHARE GRANT PLAN ("ESGP") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE GRANT PLAN ("CESGP") (CONT'D.)

The following table illustrates the number of, and movements in, ESGP Shares during the financial year ended 31 December 2020:

Award date	Outstanding as at	Movements during the financial year		Outstanding as at
	01.01.2020 '000	Awarded '000	Forfeited '000	31.12.2020 '000
14.12.2018 – First Grant	11,711	–	(700)	11,011
30.09.2019 – Second Grant	12,944	–	(546)	12,398
30.09.2020 – Third Grant	–	13,541	(27)	13,514
	24,655	13,541	(1,273)	36,923

The following table illustrates the number of, and movements in, CESGP during the financial year ended 31 December 2020:

Award date	Outstanding as at	Movements during the financial year		Outstanding as at
	01.01.2020 '000	Awarded '000	Forfeited '000	31.12.2020 '000
14.12.2018 – First Grant	3,878	–	(448)	3,430
30.09.2019 – Second Grant	4,992	–	(490)	4,502
30.09.2020 – Third Grant	–	5,378	(135)	5,243
	8,870	5,378	(1,073)	13,175

The Bank has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been awarded with the ESGP Shares and CESGP for less than 312,000 shares during the financial year ended 31 December 2020.

The names of employees who have been awarded with the ESGP Shares and CESGP during the financial year ended 31 December 2020 and have 312,000 shares and above are as follows:

Name	Number of ESGP Shares awarded '000	Number of CESGP awarded '000
Datuk Abdul Farid bin Alias	900	–
Dato' Amirul Feisal bin Wan Zahir	312	–
Dato' John Chong Eng Chuan	312	–
Dato' Muzaffar bin Hisham	312	–
Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican	312	–
Datuk Hamirullah bin Boorhan	312	–
Datuk Normala binti A. Manaf	312	–
Dr John Lee Hin Hock	–	312
Hon Kah Cho	312	–
Kamaludin bin Ahmad	312	–
Mohd Suhail Amar Suresh bin Abdullah	312	–
Gilbert August Alfred Kohnke	312	–
Foong Seong Yew	312	–
Taswin Zakaria	–	312

### ISSUANCE OF SHARES AND DEBENTURES

During the financial year ended 31 December 2020, the Group and the Bank made various issuances and redemptions of debt securities, as disclosed in Notes 25, 31, 32 and 33 to the financial statements.

The proceeds from the issuances may be utilised to fund the working capital, general banking and other corporate purposes.

## DIRECTORS

The names of the directors of the Bank in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa (Chairman) (Appointed on 2 November 2020)  
 Datuk Mohaiyani binti Shamsudin (Chairman) (Retired on 1 November 2020)  
 Datuk Abdul Farid bin Alias (Group President & Chief Executive Officer)  
 Datuk R. Karunakaran  
 Mr Cheng Kee Check  
 Mr Edwin Gerungan  
 Dr Hasnita binti Dato' Hashim  
 Mr Anthony Brent Elam  
 Ms Che Zakiah binti Che Din  
 Ms Fauziah binti Hisham  
 Mr Shariffuddin bin Khalid  
 Dato' Idris bin Kechot  
 Dato' Zulkiflee Abbas bin Abdul Hamid

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 68 to the financial statements.

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Bank or any of its subsidiaries was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate, other than those arising from the ESGP.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors from the Bank and its related corporations, or the fixed salary of a full-time employee of the Bank as disclosed in Note 45 to the financial statements) by reason of a contract made by the Bank or its related corporations 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 except for Mr Cheng Kee Check, who is deemed to receive or become entitled to receive a benefit by virtue of fees paid by the Bank or its related corporations to the law firm in which he is a partner in that firm that provides professional legal services to the Bank or its related corporations in the ordinary course of business.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and ESGP of the Bank during the financial year were as follows:

	Number of ordinary shares		
	As at 01.01.2020	Acquired	As at 31.12.2020
<b>Direct interest</b>			
Datuk Abdul Farid bin Alias	646,865	–	646,865
Ms Fauziah binti Hisham	14,790	5,000	19,790

	Award date	Number of ESGP Shares awarded		
		Outstanding as at 01.01.2020	Awarded	Outstanding as at 31.12.2020
Datuk Abdul Farid bin Alias	14.12.2018 – First Grant	300,000	–	300,000
	30.09.2019 – Second Grant	300,000	–	300,000
	30.09.2020 – Third Grant	–	300,000	300,000
		600,000	300,000	900,000

None of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

## Directors' Report

### RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating agency	Date	Rating classification	Rating received
Standard & Poor's ("S&P")	18 February 2021	Issuer Credit Rating Junior Subordinated Senior Unsecured Senior Unsecured Subordinated	A-/Negative/A-2 BB+ A- A-2 BBB
Moody's Investors Service	16 February 2021	Outlook Bank Deposits Baseline Credit Assessment Adjusted Baseline Credit Assessment Counterparty Risk Assessment Senior Unsecured Subordinate Preference Stock Non-Cumulative MTN Commercial Paper Counterparty Risk Ratings	Stable A3/P-2 a3 a3 A2(cr)/P-1(cr) A3 Baa2 (hyb) (P)Baa3 P-2 A2/P-1
Fitch Ratings	15 December 2020	Long-Term Foreign-Currency Issuer Default Rating Short-Term Foreign-Currency Issuer Default Rating Long-Term Local-Currency Issuer Default Rating Viability Rating Support Rating Support Rating Floor Senior Notes and Multicurrency MTN Programme	BBB+/Stable F2 BBB+/Stable bbb+ 2 BBB BBB+
RAM Ratings Services Berhad ("RAM")	22 January 2021	Financial Institution Ratings – National Scale – ASEAN Scale RM20.0 billion Subordinated Note Programme (2012/-) RM10.0 billion Commercial Papers/Medium Term Notes Programme (2016/2023) RM10.0 billion Sukuk Programme (2017/-) – Senior Sukuk Murabahah – Subordinated Sukuk Murabahah – Additional Tier-1 Sukuk Mudharabah RM10.0 billion Senior Medium Term Notes Programme (2015/-) RM10.0 billion Additional Tier-1 Capital Securities Programme (2014/-)	AAA/Stable/P1 seaAAA/Stable/seaP1 AA1/Stable AAA/Stable/P1 AAA/Stable AA1/Stable AA3/Stable AAA/Stable AA3/Stable
Japan Credit Rating Agency	4 December 2020	Foreign Currency Long-term Issuer Rating Outlook Bond	A Stable A
China Chengxin International ("CCXI")	30 July 2020	Issuer's Credit Rating Outlook Renminbi Bond Credit Rating	AAA Stable AAA

## BUSINESS OUTLOOK

The operating landscape in 2020 was extremely challenging, with the COVID-19 pandemic leading to a global recession, following deep contractions in major and ASEAN economies. The global economy is expected to rebound in 2021 following the rollout of COVID-19 vaccines to achieve herd immunity. Global monetary policies are anticipated to remain accommodative and fiscal policies are to stay expansionary, extending economic stimulus, thus avoiding a policy cliff from premature withdrawals, ending or exiting of stimulus packages.

In Malaysia, economic recovery is expected to be gradual and uneven amid pandemic containment measures that include re-imposition of the Conditional Movement Control Order in 4Q 2020, followed by the Movement Control Order and declaration of emergency currently, as well as the rollout of vaccines starting 24 February 2021. Monetary, fiscal and economic stimulus will continue, focusing on targeted supports and interventions for individuals and businesses. Overnight Policy Rate (OPR) is forecasted to remain at its record low level throughout 2021 amid a benign return of inflation from deflation in 2020, while the expansionary fiscal policy will continue via Budget 2021's record spending allocation of RM322.5 billion.

For Singapore, economic recovery will also be gradual as the vaccine rollout since December 2020 is expected to achieve herd immunity by 4Q 2021 amid a more infectious virus wave that prompted renewed lockdowns in the region and major markets, with border controls still in place. Inflation could turn mildly positive but remain manageable due to the soft labour market recovery. The Monetary Authority of Singapore (MAS) will likely maintain its neutral stance following the double easing in March 2020. Following the 13.9% of GDP deficit spending in 2020, Budget 2021 will remain expansionary, but via a smaller fiscal deficit of 2.2% of GDP.

In Indonesia, the start of vaccine deployment in January 2021 is expected to help restore domestic mobility and revive consumer spending and investments that underpin the projected economic recovery in 2021. The accommodative monetary policy has extended into 2021, with an additional 25 bps interest rate cut announced in February 2021. Bank Indonesia will also continue purchasing government bonds to finance this year's Budget. Inflation is forecasted to pick up but remain within the central bank's target range, driven by the recovery of energy and food prices.

Given the challenging environment, Maybank Group will continue to prioritise maintaining its capital and liquidity strength. From this position of strength, the Group will continue to proactively engage its customers to address asset quality concerns early on, and identify and support on a targeted basis customers that remain affected by the pandemic-induced downturn. To mitigate against further net interest margin compression, the Group will focus on growing lower cost current and savings deposit balances.

The Group will also target fee-based income opportunities through its wealth management, global markets, investment banking, asset management and insurance segments. Capitalising on our domestic franchise and leadership position in digital banking, we will focus on accelerating product roll-outs on our digital platform to increase market penetration and generate fee-based revenues. Furthermore, the Group will enhance productivity and efficiencies, while maintaining disciplined cost management to offset top line pressures.

Given the continued impact of the COVID-19 pandemic, the Group has set its Headline KPI of return on equity of circa 9% for FY2021 on the back of low rates across our home markets and the weakening in loan loss provisioning remaining elevated.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and income statements of the Group and of the Bank were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowances had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the allowances for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) 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 which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.
- (f) In the opinion of the directors:
  - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Bank to meet their obligations as and when they fall due; and
  - (ii) no item or transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

## Directors' Report

### SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 63 to the financial statements. There are no significant adjusting events after the statements of financial position date up to the date when the financial statements are authorised for issuance which is within the period from 1 January 2021 to 25 February 2021.

### AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 44 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 25 February 2021.



**Tan Sri Dato' Sri Zamzamairani bin Mohd Isa**  
Kuala Lumpur, Malaysia



**Datuk Abdul Farid bin Alias**



# Statement by Directors

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

We, Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa and Datuk Abdul Farid bin Alias, being two of the directors of Malayan Banking Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 266 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2020 and of the results and the cash flows of the Group and of the Bank for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 25 February 2021.

**Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa**  
Kuala Lumpur, Malaysia

**Datuk Abdul Farid bin Alias**

# Statutory Declaration

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

I, Dato' Amirul Feisal bin Wan Zahir, being the officer primarily responsible for the financial management of Malayan Banking Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 266 are in my opinion 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.

**Dato' Amirul Feisal bin Wan Zahir**

Subscribed and solemnly declared by  
the abovenamed Dato' Amirul Feisal bin  
Wan Zahir at Kuala Lumpur in the  
Federal Territory on 25 February 2021

Before me,



# Independent Auditors' Report

to the members of Malayan Banking Berhad (Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Malayan Banking Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Bank, and the income statements, 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 29 to 262.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2020, 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.

### 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 audit 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 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.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Bank. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk area and rationale	Our response
<p><u>Impairment of (i) goodwill and (ii) investment in subsidiaries and interest in associates</u></p> <p>(i) Goodwill</p> <p>The Group's goodwill balance as at 31 December 2020 stood at RM5.5 billion.</p> <p>Goodwill impairment testing of cash generating units ("CGUs") relies on estimates of value-in-use ("VIU") based on estimated future cash flows. The Group is required to annually test the amount of goodwill for impairment.</p> <p>(ii) Investment in subsidiaries and interest in associates</p> <p>As at 31 December 2020, the carrying amount of investment in subsidiaries (Bank only) stood at RM30.9 billion and interest in associates (Group and Bank) stood at RM2.7 billion and RM0.4 billion respectively.</p> <p>Similarly, we focused on impairment assessment of investment in subsidiaries and interest in associates as the impairment testing relies on VIU estimates based on estimated future cash flows.</p> <p>These involve management judgements and are based on complex assumptions that are affected by expected future market and economic conditions amid COVID-19 environment.</p> <p><i>Refer to summary of significant accounting policies in Notes 2.3(i), 2.3(ii) and 2.3(iii), significant accounting judgements, estimates and assumptions in Notes 3.6 and 3.7 and the disclosure of (i) goodwill and (ii) investment in subsidiaries and interest in associates in Notes 18, 19 and 22 to the financial statements.</i></p>	<p>Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group and the Bank in performing the impairment assessment.</p> <p>We tested the basis of preparing the cash flow forecasts, taking into account the back testing results on the accuracy of previous forecasts and the historical evidence supporting underlying assumptions.</p> <p>We assessed the appropriateness of the other key assumptions, such as the weighted average cost of capital discount rates assigned to the CGUs, as well as the long-term growth rate, by comparing against internal information, and external economic and market data amid COVID-19 environment.</p> <p>We assessed the sensitivity analysis performed by management on the key inputs to the impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying amounts.</p> <p>We also reviewed the adequacy of the Group's and the Bank's disclosures within the financial statements on those assumptions to which the outcome of the impairment test is most sensitive.</p>

Key audit matters (cont'd.)

<b>Risk area and rationale</b>	<b>Our response</b>
<p><u>Expected credit losses of loans, advances and financing and investments not carried at fair value through profit or loss</u></p> <p>As at 31 December 2020, the loans, advances and financing represent 60% and 48% of the total assets of the Group and of the Bank respectively, and the investments carried at amortised cost and fair value through other comprehensive income represent 20% and 24% of the total assets of the Group and of the Bank respectively.</p> <p>MFRS 9 <i>Financial Instruments</i> ("MFRS 9") requires the Group and the Bank to account for the impairment of these assets with a forward-looking Expected Credit Losses ("ECL") approach.</p> <p>The measurement of ECL requires the application of significant judgement and increased complexity which includes the identification of on-balance sheet and off-balance sheet credit exposures with significant deterioration in credit quality, assumptions used in the ECL models (for exposures assessed individually or collectively) such as the expected future cash flows, forward-looking macroeconomic factors and probability-weighted multiple scenarios. Management overlays have been applied due to the uncertainties under COVID-19 environment.</p> <p><i>Refer to summary of significant accounting policies in Note 2.3(v)(d), significant accounting judgements, estimates and assumptions in Note 3.2 and 3.4 and the disclosures of loans, advances and financing and investments, allowances for impairment losses, impairment assessment considerations and credit risk management in Notes 10, 11, 12, 46, 47, 55(b), 55(c) and 55(e) to the financial statements.</i></p>	<p>Our audit procedures included the assessment of key controls over the origination, segmentation, ongoing internal credit quality assessments, recording and monitoring of the loans, advances and financing and the investments.</p> <p>We also assessed the processes and effectiveness of key controls over the transfer criteria (for the three stages of credit exposures under MFRS 9 in accordance with credit quality), impairment measurement methodologies, governance for development, maintenance and validation of ECL models, inputs, basis and assumptions used by the Group and the Bank in staging the credit exposures and calculating the ECL.</p> <p>For staging and identification of credit exposures with significant deterioration in credit quality, we assessed and tested the reasonableness of the transfer criteria applied by the Group and the Bank for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Group and the Bank's credit risk management practices.</p> <p>For the measurement of ECL, we assessed and tested reasonableness of the Group's and the Bank's ECL models, including model inputs, model design, and model performance for significant portfolios. We challenged whether historic experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, macroeconomic factor analysis and probability-weighted multiple scenarios.</p> <p>We evaluated if changes in modeling approaches, parameters and assumptions are needed and if any changes made were appropriate. We also assessed and tested and monitored the sensitivity of the credit loss provisions to changes in modelling assumptions. In assessing the management overlays applied in the ECL amid COVID-19 environment, we performed scenario analysis to cross-check the impacts and challenged reasonableness of the basis applied by the management, particularly for the assets under Stages 1 and 2.</p> <p>With respect to individually assessed ECL which are mainly in relation to the impaired assets in Stage 3, we reviewed and tested a sample of loans, advances and financing and investments to evaluate the timely identification by the Group and the Bank of exposures with significant deterioration in credit quality or which have been impaired. For cases where impairment has been identified, we assessed the Group's and the Bank's assumptions on the expected future cash flows, including the value of realisable collaterals based on available market information and the multiple scenarios considered. We also challenged the assumptions and compared estimates to external evidence where available, including the management overlays applied amid COVID-19 environment.</p> <p>We also assessed whether the financial statement disclosures are adequately and appropriately reflect the Group's and the Bank's exposures to credit risk.</p> <p>We involved our credit modelling specialists and IT specialists in the performance of these procedures where their specific expertise was required.</p>

## Independent Auditors' Report to the members of Malayan Banking Berhad (Incorporated in Malaysia)

### *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 the annual report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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 on the directors' report.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

### *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.

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 skepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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 and 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 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.
- 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.
- 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.

*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

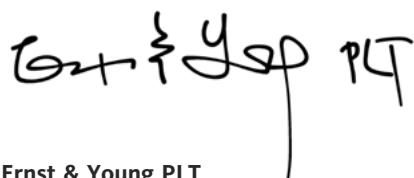
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 66 to the financial statements.

**OTHER MATTERS**

This report is made solely to the members 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.



**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
25 February 2021



**Chan Hooi Lam**  
No. 02844/02/2022 J  
Chartered Accountant

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# Statements of Financial Position

as at 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Assets</b>					
Cash and short-term funds	5	43,884,714	46,469,074	24,106,030	19,040,534
Deposits and placements with financial institutions	6	10,128,931	14,093,218	15,268,348	28,287,338
Financial assets purchased under resale agreements	7(i)	17,543,987	13,639,082	14,849,421	11,297,036
Financial assets designated upon initial recognition at fair value through profit or loss	8	14,028,031	14,323,303	–	–
Financial investments at fair value through profit or loss	9	27,179,846	20,370,865	18,189,480	12,912,823
Financial investments at fair value through other comprehensive income	10	127,502,681	123,351,533	75,533,793	80,798,700
Financial investments at amortised cost	11	46,475,916	34,784,476	39,856,983	32,574,918
Loans, advances and financing to financial institutions	12(i)	899,986	1,128,618	30,042,986	19,400,239
Loans, advances and financing to customers	12(ii)	511,310,107	512,291,092	199,881,476	207,188,981
Derivative assets	13	19,907,957	10,335,629	19,713,802	10,002,003
Reinsurance/retakaful assets and other insurance receivables	14	5,778,581	4,232,089	–	–
Other assets	15	10,236,874	9,479,084	4,116,602	4,943,190
Investment properties	16	941,545	921,471	–	–
Statutory deposits with central banks	17	7,468,213	15,052,752	1,647,066	4,100,932
Investment in subsidiaries	18	–	–	30,903,363	31,559,247
Interest in associates and joint ventures	19	2,680,402	2,490,548	440,730	440,730
Property, plant and equipment	20	2,206,849	2,335,798	941,767	1,014,286
Right-of-use assets	21	1,245,454	1,548,208	424,139	438,254
Intangible assets	22	6,648,504	6,836,463	387,660	361,135
Deferred tax assets	30	790,936	729,712	–	–
<b>Total assets</b>		<b>856,859,514</b>	<b>834,413,015</b>	<b>476,303,646</b>	<b>464,360,346</b>
<b>Liabilities</b>					
Customers' funding:					
– Deposits from customers	23	556,349,372	544,530,912	250,025,335	242,757,617
– Investment accounts of customers*	65(s)	23,840,796	20,737,670	–	–
Deposits and placements from financial institutions	24	37,878,866	43,557,209	34,720,115	51,354,535
Obligations on financial assets sold under repurchase agreements	7(ii)	11,131,215	13,978,744	36,922,305	28,293,032
Derivative liabilities	13	19,151,751	11,182,307	18,724,393	10,588,278
Financial liabilities at fair value through profit or loss	25	10,161,921	6,530,753	10,161,921	6,530,753
Bills and acceptances payable		997,663	1,291,814	458,617	479,662
Insurance/takaful contract liabilities and other insurance payables	26	37,694,765	30,885,630	–	–
Other liabilities	27	21,027,915	21,569,527	7,810,067	7,952,408
Recourse obligation on loans and financing sold to Cagamas	28	–	1,526,225	–	1,526,225
Provision for taxation and zakat	29	151,919	187,061	66,120	–
Deferred tax liabilities	30	1,470,856	878,276	377,830	185,495
Borrowings	31	38,097,224	41,339,415	33,134,255	32,645,025
Subordinated obligations	32	8,967,831	9,321,125	8,808,639	9,156,816
Capital securities	33	2,827,793	2,827,123	2,827,793	2,827,123
<b>Total liabilities</b>		<b>769,749,887</b>	<b>750,343,791</b>	<b>404,037,390</b>	<b>394,296,969</b>
<b>Equity attributable to equity holders of the Bank</b>					
Share capital	34	48,280,355	48,280,355	48,280,355	48,280,355
Retained profits	35	29,494,627	27,162,899	16,809,095	15,223,022
Reserves	36	6,661,665	6,127,684	7,176,806	6,560,000
		<b>84,436,647</b>	<b>81,570,938</b>	<b>72,266,256</b>	<b>70,063,377</b>
<b>Non-controlling interests</b>		<b>2,672,980</b>	<b>2,498,286</b>	<b>–</b>	<b>–</b>
		<b>87,109,627</b>	<b>84,069,224</b>	<b>72,266,256</b>	<b>70,063,377</b>
<b>Total liabilities and shareholders' equity</b>		<b>856,859,514</b>	<b>834,413,015</b>	<b>476,303,646</b>	<b>464,360,346</b>
<b>Commitments and contingencies</b>	54	<b>1,305,384,589</b>	<b>1,208,622,674</b>	<b>1,225,860,019</b>	<b>1,125,439,598</b>
<b>Net assets per share attributable to equity holders of the Bank</b>		<b>RM7.51</b>	<b>RM7.26</b>	<b>RM6.43</b>	<b>RM6.23</b>

\* Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

The accompanying notes form an integral part of the financial statements.

# Income Statements

For the financial year ended 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating revenue	37	51,030,965	52,867,731	24,361,776	26,928,900
Interest income	38	19,350,764	24,131,021	12,959,184	16,121,944
Interest expense	39	(8,260,375)	(12,036,016)	(5,308,438)	(8,342,819)
Net interest income		11,090,389	12,095,005	7,650,746	7,779,125
Income from Islamic Banking Scheme operations	65(b)	6,135,582	5,979,577	-	-
		17,225,971	18,074,582	7,650,746	7,779,125
Net earned insurance premiums	40	9,458,856	6,760,618	-	-
Dividends from subsidiaries and associates	41	-	-	2,640,114	3,648,227
Other operating income	42	7,299,202	7,276,998	4,161,005	3,875,737
Total operating income		33,984,029	32,112,198	14,451,865	15,303,089
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	43	(9,220,803)	(7,371,318)	-	-
Net operating income		24,763,226	24,740,880	14,451,865	15,303,089
Overhead expenses	44	(11,245,177)	(11,561,939)	(4,784,188)	(5,020,585)
Operating profit before impairment losses		13,518,049	13,178,941	9,667,677	10,282,504
Allowances for impairment losses on loans, advances, financing and other debts, net (Allowances for)/writeback of impairment losses on financial investments, net	46	(4,598,581)	(2,287,490)	(2,558,275)	(1,875,343)
	47	(413,918)	20,400	(149,466)	11,997
Allowances for impairment losses on other financial assets, net	48	(57,741)	(56,344)	(30,926)	(3,775)
Share of profits in associates and joint ventures	19	209,147	158,373	-	-
<b>Profit before taxation and zakat</b>		<b>8,656,956</b>	<b>11,013,880</b>	<b>6,929,010</b>	<b>8,415,383</b>
Taxation and zakat	49	(1,937,877)	(2,538,231)	(963,883)	(1,136,083)
<b>Profit for the financial year</b>		<b>6,719,079</b>	<b>8,475,649</b>	<b>5,965,127</b>	<b>7,279,300</b>
Attributable to:					
Equity holders of the Bank		6,481,219	8,198,074	5,965,127	7,279,300
Non-controlling interests		237,860	277,575	-	-
		6,719,079	8,475,649	5,965,127	7,279,300
Earnings per share attributable to equity holders of the Bank					
Basic (sen)	52(a)	57.7	73.5		
Diluted (sen)	52(b)	57.7	73.5		
Dividends per ordinary share held by equity holders of the Bank in respect of the financial year (sen)					
Payable – First interim	53			13.50	-
Paid – First interim	53			-	25.00
Paid – Final for the financial year ended 31 December 2018	53			-	32.00
Paid – Second interim for the financial year ended 31 December 2019	53			39.00	-
Proposed – Final	53(a)			38.50	-
Proposed – Second interim				-	39.00

The accompanying notes form an integral part of the financial statements.



# Statements of Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Profit for the financial year</b>		<b>6,719,079</b>	8,475,649	<b>5,965,127</b>	7,279,300
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Defined benefit plan actuarial gain	27(i)(b)	<b>15,586</b>	4,905	-	-
Income tax effect	30	<b>(6,911)</b>	337	-	-
Net gain/(loss) from change in fair value on equity instruments at fair value through other comprehensive income		<b>57,365</b>	20,918	<b>62,422</b>	(8,304)
		<b>66,040</b>	26,160	<b>62,422</b>	(8,304)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net gain/(loss) on debt instruments at fair value through other comprehensive income		<b>1,484,970</b>	2,546,409	<b>938,754</b>	1,999,837
- Net gain from change in fair value		<b>1,566,740</b>	2,829,231	<b>917,572</b>	2,099,552
- Changes in expected credit losses		<b>245,897</b>	390,646	<b>235,641</b>	410,334
- Income tax effect	30	<b>(327,667)</b>	(673,468)	<b>(214,459)</b>	(510,049)
Net (loss)/gain on foreign exchange translation		<b>(484,026)</b>	537,081	<b>(67,106)</b>	(20,246)
Net loss on cash flow hedge	13	-	(433)	-	-
Net gain on net investment hedge	13	<b>2,922</b>	1,556	-	-
Cost of hedging for fair value hedge	13	<b>13,150</b>	(345)	<b>13,150</b>	(345)
Net (loss)/gain on capital reserve		<b>(2,446)</b>	908	-	-
Share of change in associates' reserve		<b>15,454</b>	(239,822)	-	-
		<b>1,030,024</b>	2,845,354	<b>884,798</b>	1,979,246
Other comprehensive income for the financial year, net of tax		<b>1,096,064</b>	2,871,514	<b>947,220</b>	1,970,942
<b>Total comprehensive income for the financial year</b>		<b>7,815,143</b>	11,347,163	<b>6,912,347</b>	9,250,242
<b>Other comprehensive income for the financial year, attributable to:</b>					
Equity holders of the Bank		<b>1,093,958</b>	2,818,869	<b>947,220</b>	1,970,942
Non-controlling interests		<b>2,106</b>	52,645	-	-
		<b>1,096,064</b>	2,871,514	<b>947,220</b>	1,970,942
<b>Total comprehensive income for the financial year, attributable to:</b>					
Equity holders of the Bank		<b>7,575,177</b>	11,016,943	<b>6,912,347</b>	9,250,242
Non-controlling interests		<b>239,966</b>	330,220	-	-
		<b>7,815,143</b>	11,347,163	<b>6,912,347</b>	9,250,242

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to equity holders of the Bank											
	Non-distributable										Total Equity RM'000	
	Share Capital (Note 34) RM'000	Statutory Reserve (Note 36(a)) RM'000	Regulatory Reserve (Note 36(b)) RM'000	Fair Value		Exchange Fluctuation Reserve (Note 36) RM'000	ESGP Reserve (Note 36) RM'000	Other Reserves (Note 36(c)) RM'000	*Retained Profits (Note 35) RM'000	Total Shareholders' Equity RM'000		Non- Controlling Interests RM'000
				Through Other								
Comprehensive Income Reserve (Note 36) RM'000				Reserve RM'000								
<b>At 1 January 2020</b>	48,280,355	279,355	2,771,806	2,973,151	399,826	37,195	(333,649)	27,162,899	81,570,938	2,498,286	84,069,224	
Profit for the financial year	-	-	-	-	-	-	-	6,481,219	6,481,219	237,860	6,719,079	
Other comprehensive income/(loss)	-	-	-	1,600,503	(527,393)	-	20,848	-	1,093,958	2,106	1,096,064	
Defined benefit plan actuarial gain	-	-	-	-	-	-	6,928	-	6,928	1,747	8,675	
Share of associates' reserve	-	-	-	64,691	(49,237)	-	-	-	15,454	-	15,454	
Net loss on foreign exchange translation	-	-	-	-	(478,156)	-	-	-	(478,156)	(5,870)	(484,026)	
Net gain on financial investments at fair value through other comprehensive income	-	-	-	1,535,812	-	-	-	-	1,535,812	6,523	1,542,335	
Net gain on net investment hedge	-	-	-	-	-	-	2,922	-	2,922	-	2,922	
Cost of hedging for fair value hedge	-	-	-	-	-	-	13,150	-	13,150	-	13,150	
Net loss on capital reserve	-	-	-	-	-	-	(2,152)	-	(2,152)	(294)	(2,446)	
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	-	1,600,503	(527,393)	-	20,848	6,481,219	7,575,177	239,966	7,815,143	
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	(1,085)	-	-	-	1,085	-	-	-	
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 34(b))	-	-	-	-	-	58,991	-	-	58,991	-	58,991	
Effects of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	24,235	24,235	
Transfer to statutory reserve (Note 36(a))	-	38,468	-	-	-	-	-	(38,468)	-	-	-	
Transfer from regulatory reserve (Note 36(b))	-	-	(656,351)	-	-	-	-	656,351	-	-	-	
Dividends paid (Note 53)	-	-	-	-	-	-	-	(4,384,131)	(4,384,131)	(89,507)	(4,473,638)	
Dividends payable (Note 53(c)(ii))	-	-	-	-	-	-	-	(384,328)	(384,328)	-	(384,328)	
<b>Total transactions with shareholders/other equity movements</b>	-	38,468	(656,351)	(1,085)	-	58,991	-	(4,149,491)	(4,709,468)	(65,272)	(4,774,740)	
<b>At 31 December 2020</b>	48,280,355	317,823	2,115,455	4,572,569	(127,567)	96,186	(312,801)	29,494,627	84,436,647	2,672,980	87,109,627	

\* Retained profits include distributable and non-distributable profits arising from Non-Discretionary Participation Features ("Non-DPF") surplus of an insurance subsidiary. Refer to Note 35 for further details.

# Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to equity holders of the Bank											
	Non-distributable										Total Equity RM'000	
	Share Capital (Note 34) RM'000	Statutory Reserve (Note 36(a)) RM'000	Regulatory Reserve (Note 36(b)) RM'000	Fair Value Through Other Comprehensive		Exchange Fluctuation Reserve (Note 36) RM'000	ESGP Reserve (Note 36) RM'000	Other Reserves (Note 36(c)) RM'000	*Retained Profits (Note 35) RM'000	Total Shareholders' Equity RM'000		Non- Controlling Interests RM'000
				Income Reserve (Note 36) RM'000	Income Reserve (Note 36) RM'000							
<b>At 1 January 2019</b>	46,747,442	239,009	2,127,290	457,045	113,510	-	(339,752)	25,985,583	75,330,127	2,407,133	77,737,260	
Profit for the financial year	-	-	-	-	-	-	-	8,198,074	8,198,074	277,575	8,475,649	
Other comprehensive income	-	-	-	2,526,450	286,316	-	6,103	-	2,818,869	52,645	2,871,514	
Defined benefit plan actuarial gain	-	-	-	-	-	-	4,638	-	4,638	604	5,242	
Share of associates' reserve	-	-	-	636	(240,458)	-	-	-	(239,822)	-	(239,822)	
Net gain on foreign exchange translation	-	-	-	-	526,774	-	-	-	526,774	10,307	537,081	
Net gain on financial investments at fair value through other comprehensive income	-	-	-	2,525,814	-	-	-	-	2,525,814	41,513	2,567,327	
Net gain on net investment hedge	-	-	-	-	-	-	1,556	-	1,556	-	1,556	
Net loss on cash flow hedge	-	-	-	-	-	-	(433)	-	(433)	-	(433)	
Cost of hedging for fair value hedge	-	-	-	-	-	-	(345)	-	(345)	-	(345)	
Net gain on capital reserve	-	-	-	-	-	-	687	-	687	221	908	
<b>Total comprehensive income for the financial year</b>	-	-	-	2,526,450	286,316	-	6,103	8,198,074	11,016,943	330,220	11,347,163	
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	(10,344)	-	-	-	10,344	-	-	-	
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 34(b))	-	-	-	-	-	37,195	-	-	37,195	-	37,195	
Effects of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	(128,395)	(128,395)	
Transfer to statutory reserve (Note 36(a))	-	40,346	-	-	-	-	-	(40,346)	-	-	-	
Transfer to regulatory reserve (Note 36(b))	-	-	644,516	-	-	-	-	(644,516)	-	-	-	
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 34(a))	1,532,913	-	-	-	-	-	-	-	1,532,913	-	1,532,913	
Dividends paid (Note 53)	-	-	-	-	-	-	-	(6,346,240)	(6,346,240)	(110,672)	(6,456,912)	
<b>Total transactions with shareholders/other equity movements</b>	1,532,913	40,346	644,516	(10,344)	-	37,195	-	(7,020,758)	(4,776,132)	(239,067)	(5,015,199)	
<b>At 31 December 2019</b>	48,280,355	279,355	2,771,806	2,973,151	399,826	37,195	(333,649)	27,162,899	81,570,938	2,498,286	84,069,224	

\* Retained profits include distributable and non-distributable profits arising from Non-Discretionary Participation Features ("Non-DPP") surplus of an insurance subsidiary. Refer to Note 35 for further details.

The accompanying notes form an integral part of the financial statements.

# Statement of Changes in Equity

For the financial year ended 31 December 2020

Bank	Attributable to equity holders of the Bank									
	Non-distributable								Distributable Retained Profits (Note 35)	Total Equity RM'000
	Share Capital (Note 34) RM'000	Statutory Reserve (Note 36(a)) RM'000	Regulatory Reserve (Note 36(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 36) RM'000	Exchange Fluctuation Reserve (Note 36) RM'000	ESGP Reserve (Note 36) RM'000	Fair Value Hedge Reserve (Note 36(c)) RM'000			
<b>At 1 January 2020</b>	48,280,355	59,502	1,894,921	2,260,271	2,308,456	37,195	(345)	15,223,022	70,063,377	
Profit for the financial year	-	-	-	-	-	-	-	5,965,127	5,965,127	
Other comprehensive income/(loss)	-	-	-	1,001,176	(67,106)	-	13,150	-	947,220	
Net loss on foreign exchange translation	-	-	-	-	(67,106)	-	-	-	(67,106)	
Net gain on financial investments at fair value through other comprehensive income	-	-	-	1,001,176	-	-	-	-	1,001,176	
Cost of hedging for fair value hedge (Note 36(c))	-	-	-	-	-	-	13,150	-	13,150	
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	-	1,001,176	(67,106)	-	13,150	5,965,127	6,912,347	
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 34(b))	-	-	-	-	-	58,991	-	-	58,991	
Transfer to statutory reserve (Note 36(a))	-	10,016	-	-	-	-	-	(10,016)	-	
Transfer from regulatory reserve (Note 36(b))	-	-	(399,421)	-	-	-	-	399,421	-	
Dividends paid (Note 53)	-	-	-	-	-	-	-	(4,384,131)	(4,384,131)	
Dividends payable (Note 53(c)(ii))	-	-	-	-	-	-	-	(384,328)	(384,328)	
<b>Total transactions with shareholders/other equity movements</b>	-	10,016	(399,421)	-	-	58,991	-	(4,379,054)	(4,709,468)	
<b>At 31 December 2020</b>	48,280,355	69,518	1,495,500	3,261,447	2,241,350	96,186	12,805	16,809,095	72,266,256	

Bank	Attributable to equity holders of the Bank									
	Non-distributable								Distributable Retained Profits (Note 35)	Total Equity RM'000
	Share Capital (Note 34) RM'000	Statutory Reserve (Note 36(a)) RM'000	Regulatory Reserve (Note 36(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 36) RM'000	Exchange Fluctuation Reserve (Note 36) RM'000	ESGP Reserve (Note 36) RM'000	Fair Value Hedge Reserve (Note 36(c)) RM'000			
<b>At 1 January 2019</b>	46,747,442	53,032	1,778,997	279,332	2,328,702	-	-	14,401,762	65,589,267	
Profit for the financial year	-	-	-	-	-	-	-	7,279,300	7,279,300	
Other comprehensive income/(loss)	-	-	-	1,991,533	(20,246)	-	(345)	-	1,970,942	
Net loss on foreign exchange translation	-	-	-	-	(20,246)	-	-	-	(20,246)	
Net gain on financial investments at fair value through other comprehensive income	-	-	-	1,991,533	-	-	-	-	1,991,533	
Cost of hedging for fair value hedge (Note 36(c))	-	-	-	-	-	-	(345)	-	(345)	
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	-	1,991,533	(20,246)	-	(345)	7,279,300	9,250,242	
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	(10,594)	-	-	-	10,594	-	
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 34(b))	-	-	-	-	-	37,195	-	-	37,195	
Transfer to statutory reserve (Note 36(a))	-	6,470	-	-	-	-	-	(6,470)	-	
Transfer to regulatory reserve (Note 36(b))	-	-	115,924	-	-	-	-	(115,924)	-	
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 34(a))	1,532,913	-	-	-	-	-	-	-	1,532,913	
Dividends paid (Note 53)	-	-	-	-	-	-	-	(6,346,240)	(6,346,240)	
<b>Total transactions with shareholders/other equity movements</b>	1,532,913	6,470	115,924	(10,594)	-	37,195	-	(6,458,040)	(4,776,132)	
<b>At 31 December 2019</b>	48,280,355	59,502	1,894,921	2,260,271	2,308,456	37,195	(345)	15,223,022	70,063,377	

The accompanying notes form an integral part of the financial statements.

# Statements of Cash Flows

For the financial year ended 31 December 2020

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	8,656,956	11,013,880	6,929,010	8,415,383
Adjustments for:				
Share of profits in associates and joint ventures (Note 19)	(209,147)	(158,373)	-	-
Depreciation of property, plant and equipment (Note 44)	311,984	297,231	101,097	116,073
Depreciation of right-of-use assets (Note 44)	450,736	389,273	113,197	108,371
Amortisation of computer software (Note 44)	283,348	247,363	56,520	49,533
Amortisation of customer relationship (Note 44)	415	1,246	-	-
Amortisation of agency force (Note 44)	3,136	3,814	-	-
Finance costs on lease liabilities (Note 44)	49,769	66,353	13,550	16,186
Gain on disposal of property, plant and equipment (Note 42)	(20,791)	(6,213)	(17,279)	(2,203)
Gain on sale and leaseback transaction (Note 42)	-	(1,540)	-	(1,540)
Loss/(gain) on disposal of foreclosed properties (Note 42)	14,162	(18,001)	-	-
Net loss on disposal of subsidiaries (Note 42)	10,161	158,531	-	113,470
Net (gain)/loss on disposal/change in structure of deemed controlled structured entities (Note 42)	(3,128)	(67,700)	3,275	(7,751)
Net (gain)/loss on liquidation/disposal of interest in associates (Note 42)	-	(1,163)	-	2,193
Net gain on disposal of financial assets at fair value through profit or loss (Note 42, Note 65(z) & (ab))	(25,575)	(546,907)	(134,605)	(259,162)
Net gain on disposal of financial investments at fair value through other comprehensive income (Note 42, Note 65(z) & (ab))	(1,977,378)	(1,212,410)	(1,517,671)	(1,056,482)
Net gain on redemption of financial investments at amortised cost (Note 42)	-	(48)	-	(48)
Modification loss on contractual cash flows arising from financial asset (Note 2.5(iii))	315,160	-	48,979	-
Amortisation of premiums/(accretion of discounts), net (Note 38, Note 65(z) & (ab))	100,404	(174,969)	(238,553)	(383,582)
Unrealised gain on revaluation of financial assets at fair value through profit or loss and derivatives (Note 42, Note 65(z) & (ab))	(1,763,959)	(1,529,390)	(966,285)	(230,641)
Unrealised (gain)/loss on revaluation of financial liabilities at fair value through profit or loss (Note 42, Note 65(z) & (ab))	(94,503)	528,906	(94,503)	529,607
Unrealised (gain)/loss on revaluation of loans, advances and financing at fair value through profit or loss (Note 42)	(479)	10,573	(479)	10,573
Allowances for impairment losses on loans, advances and financing, net (Note 46)	4,985,025	2,707,387	2,771,970	2,054,379
Allowances for impairment losses on other debts (Note 46)	11,256	10,223	1,257	12,636
Allowances for/(writeback of) impairment losses on financial investments, net (Note 47)	413,918	(20,400)	149,466	(11,997)
Allowances for impairment losses on other financial assets, net (Note 48)	57,741	56,344	30,926	3,775
Dividends from subsidiaries and associates (Note 41)	-	-	(2,640,114)	(3,648,227)
Dividends from financial investments portfolio (Note 42)	(104,155)	(98,515)	(5,802)	(6,593)
ESGP expenses (Note 44)	80,775	43,290	42,627	25,762
Property, plant and equipment written-off (Note 44)	630	285	77	207
Intangible assets written-off (Note 44)	437	2,671	437	2,671
Fair value adjustments on investment properties (Note 42)	(18,522)	(22,781)	-	-
Impairment of intangible assets (Note 44)	23,271	-	-	-
Operating profit before working capital changes	11,551,647	11,678,960	4,647,097	5,852,593
Change in cash and short-term funds with original maturity of more than three months	(11,941,106)	(2,479,267)	(9,506,641)	(34,181)
Change in deposits and placements with financial institutions with original maturity of more than three months	15,021,943	(351,951)	23,452,073	(15,691,548)
Change in financial assets purchased under resale agreements	(3,909,665)	(9,610,827)	(3,552,385)	(7,533,752)
Change in financial investments portfolio	(18,618,655)	(8,565,596)	(4,644,481)	(974,502)
Change in loans, advances and financing	(5,028,270)	(7,626,220)	(4,519,496)	1,685,927
Change in other assets	(1,874,074)	(183,334)	544,562	400,626
Change in statutory deposits with central banks	7,583,005	1,212,097	2,453,866	940,628
Change in deposits from customers	12,566,903	11,177,184	5,796,663	(12,188,146)
Change in investment accounts of customers	3,103,126	(2,827,391)	-	-
Change in deposits and placements from financial institutions	(5,678,343)	(293,368)	(16,634,420)	(1,586,212)
Change in obligations on financial assets sold under repurchase agreements	(2,847,529)	180,751	8,629,273	7,026,730
Change in financial liabilities at fair value through profit or loss	(22,772)	(1,620,239)	(22,772)	(1,235,253)
Change in bills and acceptances payable	(294,151)	(216,844)	(21,045)	(133,305)
Change in other liabilities	(879,970)	(1,171,807)	(1,401,543)	457,196
Change in reinsurance/retakaful assets and other insurance receivables	(1,559,600)	(463,419)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	6,809,134	4,032,528	-	-
Cash generated from/(used in) operating activities	3,981,623	(7,128,743)	5,220,751	(23,013,199)
Taxes and zakat paid	(1,733,508)	(2,839,415)	(870,990)	(1,210,565)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,248,115</b>	<b>(9,968,158)</b>	<b>4,349,761</b>	<b>(24,223,764)</b>

## Statements of Cash Flows

For the financial year ended 31 December 2020

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from investing activities</b>				
Purchase of investment properties (Note 16)	(1,370)	(2,797)	-	-
Purchase of property, plant and equipment (Note 20)	(202,801)	(283,652)	(29,364)	(90,389)
Purchase of intangible assets (Note 22)	(276,822)	(339,100)	(92,302)	(66,366)
Net effect arising from:				
- transaction with non-controlling interests	27,363	(60,695)	-	-
- change in structure of deemed controlled structured entities	-	-	-	21,820
- liquidation of interest in associate	-	6,899	-	6,899
- acquisition of an associate	-	(194,070)	-	-
- capital repayment of a subsidiary	-	-	1,213,920	-
- increase in shares in existing subsidiary	-	-	-	(193,863)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(732,788)	(194,070)
Purchase of shares in deemed controlled structured entities	-	-	(12,557)	(62,010)
Proceeds from disposal of property, plant and equipment	29,764	19,694	18,058	5,922
Proceeds from disposal of a subsidiary	171,233	-	169,521	-
Proceeds from disposal of deemed controlled structured entities	-	-	184,033	40,068
Dividends received from:				
- financial investments portfolio (Note 42)	104,155	98,515	5,802	6,593
- associates (Note 41)	-	-	777	689
- subsidiaries (Note 41)	-	-	2,639,337	3,647,538
<b>Net cash (used in)/generated from investing activities</b>	<b>(148,478)</b>	<b>(755,206)</b>	<b>3,364,437</b>	<b>3,122,831</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	-	1,532,913	-	1,532,913
(Repayment)/drawdown of borrowings, net (Note 31)	(2,571,076)	9,748,366	742,415	9,377,344
Issuance of subordinated obligations (Note 32)	3,000,000	3,700,000	3,000,000	3,700,000
Issuance of capital securities (Note 33)	-	2,800,000	-	2,800,000
Redemption of subordinated obligations (Note 32)	(3,300,000)	(5,095,222)	(3,300,000)	(3,700,000)
Redemption of capital securities (Note 33)	-	(3,500,000)	-	(3,500,000)
Repayment of lease liabilities (Note 27(iv))	(464,386)	(386,883)	(99,624)	(100,948)
Redemption of financial liabilities at fair value through profit or loss (Note 25)	(715,368)	(2,669,250)	(715,368)	(2,669,250)
Issuance of financial liabilities at fair value through profit or loss (Note 25)	4,499,040	1,432,900	4,499,040	1,432,900
Recourse obligation on loans and financing sold to Cagamas, net	(1,526,225)	(21,047)	(1,526,225)	(21,047)
Dividends paid	(4,384,131)	(6,346,240)	(4,384,131)	(6,346,240)
Dividends paid to non-controlling interests	(89,507)	(110,672)	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,551,653)</b>	<b>1,084,865</b>	<b>(1,783,893)</b>	<b>2,505,672</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,452,016)</b>	<b>(9,638,499)</b>	<b>5,930,305</b>	<b>(18,595,261)</b>
Cash and cash equivalents at 1 January	47,306,745	57,084,530	21,934,867	40,682,109
Effects of foreign exchange rate changes	(41,281)	(139,286)	37,379	(151,981)
<b>Cash and cash equivalents at 31 December</b>	<b>43,813,448</b>	<b>47,306,745</b>	<b>27,902,551</b>	<b>21,934,867</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and short-term funds	43,895,144	46,485,233	24,111,660	19,053,083
Deposits and placements with other financial institutions	10,147,074	14,131,121	15,274,310	28,310,635
	54,042,218	60,616,354	39,385,970	47,363,718
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(10,228,770)	(13,309,609)	(11,483,419)	(25,428,851)
<b>Cash and cash equivalents at 31 December</b>	<b>43,813,448</b>	<b>47,306,745</b>	<b>27,902,551</b>	<b>21,934,867</b>

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

31 December 2020

## 1. CORPORATE INFORMATION

Malayan Banking Berhad ("Maybank" or the "Bank") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

The Bank is principally engaged in all aspects of commercial banking and related financial services.

The subsidiaries of the Bank are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stockbroking, underwriting of general and life insurance, general and family takaful, trustee and nominee services and asset management.

There were no significant changes in these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2021.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation and presentation of the financial statements

The financial statements of the Bank and its subsidiaries ("Maybank Group" or the "Group") and of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Bank have been prepared on a historical cost basis unless otherwise indicated in the summary of significant accounting policies as disclosed in Note 2.3.

The Group's financial statements also include separate disclosures on its insurance and takaful businesses and Islamic banking operations as disclosed in Notes 64 and 65, respectively. The principal activities for insurance and takaful businesses are mainly the underwriting of general and life insurance business, the management of general and family takaful business and investment-linked business. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under the Shariah principles.

The Group and the Bank present their statements of financial position in the order of liquidity.

Financial assets and financial liabilities are offset and the net amount are reported in the statements of financial position of the Group and of the Bank only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statements of the Group and of the Bank unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and of the Bank.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries including the equity accounting of interest in associates and joint ventures as at 31 December 2020. Further details on the accounting policies for investment in subsidiaries and interest in associates and joint ventures are disclosed in Note 2.3.

The financial statements of the Bank's subsidiaries, associates and joint ventures are prepared for the same reporting date as the Bank, using consistent accounting policies for transactions and events in similar circumstances.

Subsidiaries (including deemed controlled structured entities) are consolidated from the date of acquisition or the date of incorporation, being the date on which the Bank obtains control and continue to be consolidated until the date that such control effectively ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee, if and only if, the Group has three (3) elements of control as below:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

When assessing whether to consolidate investment funds, the Group reviews all facts and circumstances to determine whether the Group, as fund manager, is acting as an agent or a principal. The Group may be deemed to be a principal, and hence controls and consolidates the funds, when it acts as a fund manager and cannot be removed without cause, has variable returns through significant unit holdings and/or a guarantee, and is able to influence the returns of the funds through its power.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not wholly-owned, directly or indirectly by the Bank. NCI are presented separately in the consolidated income statement, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in the NCI having a deficit balance. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction between the Group and its NCI holders. Any differences between the Group's share of net assets before and after the change and any considerations received or paid, is recognised in equity.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Basis of consolidation (cont'd.)

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interests in the former subsidiary;
- Recognises the fair value of the consideration received;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of any investments retained in the former subsidiary;
- Recognises any gains or losses in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to income statements or retained earnings, if required in accordance with other MFRS.

All of the above will be accounted for from the date when control is lost.

The accounting policies for business combination and goodwill are disclosed in Note 2.3(iii).

#### 2.3 Summary of significant accounting policies

##### (i) Investment in subsidiaries

Subsidiaries are entities controlled by the Bank, as defined in Note 2.2.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(xv). On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the income statements.

Additional information on investment in subsidiaries is disclosed in Note 18 and details of subsidiaries and deemed controlled structured entities are disclosed in Notes 66(a) and 66(b), respectively.

##### (ii) Interest in associates and joint ventures

An associate is an entity over which the Group and the Bank have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's interest in its associates and joint ventures are accounted for using the equity method. The associates and joint ventures are equity accounted for from the date the Group gains significant influence or joint control until the date the Group ceases to have significant influence over the associate or joint control over the joint venture.

Under the equity method, the interest in associates and joint ventures is initially recognised at cost. The carrying amount of the investment is adjusted for changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Details of goodwill included in the Group's carrying amount of interest in associates and joint ventures are disclosed in Note 19(v).

The consolidated income statement reflects the Group's share of the results of operations of the associates and joint ventures. Any changes in other comprehensive income of those investees is presented as part of the Group's statement of comprehensive income. Where there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of such changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures. The aggregate of the Group's share of profit or loss in associates and joint ventures is shown on the face of the consolidated income statement. The Group's share of profit or loss in associates and joint ventures represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates or joint ventures.

When the Group's share of losses in associates or joint ventures equals or exceeds its interest in the associates or joint ventures, including any long-term interests that, in substance, form part of the Group's net interest in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates or joint ventures.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in associates and joint ventures. The Group determines at each reporting date whether there is any objective evidence that the interest in the associates and joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint ventures and its carrying amount, then recognises the amount in the 'share of profits in associates and joint ventures' in the consolidated income statements.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognises any retained investments at its fair value. Any differences between the carrying amount of the associates or joint ventures upon loss of significant influence or joint control and the fair value of the retained investments and proceeds from disposal is recognised in the consolidated income statement.

In the Bank's separate financial statements, interest in associates and joint ventures is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(xv). On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the income statements.

Additional information on interest in associates and joint ventures and details of associates and joint ventures is disclosed in Notes 19, 66(c) and 66(d) respectively.



## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (iii) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses in the income statements. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gains or losses is recognised in the income statements. It is then considered in the determination of goodwill. Any contingent considerations to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* ("MFRS 9") is measured at fair value with changes in fair value recognised either in the income statements in accordance with MFRS 9. Other contingent considerations that are not within the scope of MFRS 9 are measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interests held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated income statements.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The accounting policy for impairment of non-financial assets (including goodwill) is disclosed in Note 2.3(xv).

Where goodwill has been allocated to a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

#### (iv) Intangible assets

In addition to goodwill, intangible assets also include core deposit intangibles, customer relationship, agency force and investment management agreements acquired in business combination, computer software and software-in-development.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses, except for software-in-development which is not subject to amortisation until the development is completed and the asset is available for use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite lives are not amortised but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statements in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in income statements when the assets are derecognised.

A summary of the policies applied to the Group's and the Bank's intangible assets are as follows:

	Amortisation methods used	Useful economic lives
Computer software	Straight-line	3 to 10 years
Core deposit intangibles	Reducing balance	8 years
Customer relationship	Reducing balance	3 to 9 years
Agency force	Reducing balance	11 years
Investment management agreements	No amortisation	Indefinite

Additional information on intangible assets is disclosed in Note 22.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (v) Financial assets

###### (a) Date of recognition

All financial assets are initially recognised on the trade date, i.e. the date that the Group and the Bank become a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The Group and the Bank classify all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

###### (b) Initial recognition and subsequent measurement

###### Business model

The Group and the Bank determine its business model at the level that best reflects how groups of financial assets are managed to achieve its business objective.

The Group and the Bank do not assess the business model on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the portfolio and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Group's and the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

###### Solely payments of principal and interest/profit ("SPPI") test

Upon determination of business model, the Group and the Bank will assess the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest/profit within a lending arrangement are typically the consideration for the time value of money and credit risk. In making the SPPI assessment, the Group and the Bank apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest/profit rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Included in financial assets are the following:

- Amortised cost, as explained in Note 2.3(v)(b)(1);
- Fair value through other comprehensive income, as explained in Note 2.3(v)(b)(2); and
- Fair value through profit or loss, as explained in Note 2.3(v)(b)(3).

###### (1) Financial assets at amortised cost

The Group and the Bank measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Included in financial assets at amortised cost are cash and short-term funds, deposits and placements with financial institutions, financial assets purchased under resale agreements, financial investments and loans, advances and financing as disclosed in the respective notes to the financial statements.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (v) Financial assets (cont'd.)

#### (b) Initial recognition and subsequent measurement (cont'd.)

##### (2) Fair value through other comprehensive income

The Group and the Bank measure debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets meet the SPPI test.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest/profit income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed of on a first-in, first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Group and the Bank measure the changes through FVOCI (without recycling to profit or loss upon derecognition).

Included in financial asset at FVOCI are financial investments and loans, advances and financing to customers.

##### (3) Financial assets at fair value through profit or loss

Financial assets at FVTPL are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under MFRS 9. Management designates an instrument at FVTPL upon initial recognition when one of the following criteria is met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Included in financial assets at FVTPL are financial investments, financial assets designated upon initial recognition, loans, advances and financing to customers and derivatives.

Subsequent to initial recognition, financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in the income statements under the caption of 'other operating income'.

#### (c) Derecognition

A financial asset is derecognised when there is substantial modification of terms and conditions or factors other than substantial modification.

##### (1) Derecognition due to substantial modification of terms and conditions

The Group and the Bank derecognise a financial asset, such as a loan/financing to a borrower/customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan/financing, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

The newly recognised loans/financing are classified as Stage 1 for Expected Credit Loss ("ECL") measurement purposes, unless the new loan/financing is deemed to be purchased or originated credit-impaired ("POCI").

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate ("EIR") or effective profit rate ("EPR"), the Group and the Bank record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

##### (2) Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- (1) The rights to receive cash flows from the financial asset have expired; or
- (2) The transfer of financial asset is as set out below and the transfer qualifies for derecognition.

The Group and the Bank have transferred the financial asset if, and only if, either:

- The Group and the Bank have transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (v) Financial assets (cont'd.)

##### (c) Derecognition (cont'd.)

##### (2) Derecognition other than for substantial modification (cont'd.)

Pass-through arrangements are transactions whereby the Group and the Bank retain the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assume a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group and the Bank have no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest/profit at market rates;
- The Group and the Bank cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Group and the Bank have to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest/profit earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either the Group and the Bank have:

- Transferred substantially all the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group and the Bank consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group and the Bank have neither transferred nor retained substantially all the risks and rewards and have retained control of the asset, the asset continues to be recognised only to the extent of the Group's and the Bank's continuing involvement, in which case, the Group and the Bank also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### (d) Impairment of financial assets

The MFRS 9 impairment requirements are based on an ECL model. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan/financing commitments and financial guarantee contracts, which include loans, advances and financing and debt instruments held by the Group and the Bank. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases*.

The measurement of ECL involves increased complexity and judgement that include:

- (i) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The Group and the Bank apply a three-stage approach based on the change in credit quality since initial recognition:

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
<b>ECL Approach</b>	12-month ECL	Lifetime ECL	Lifetime ECL
<b>Criterion</b>	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
<b>Recognition of interest/profit income</b>	On gross carrying amount	On gross carrying amount	On net carrying amount

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (v) Financial assets (cont'd.)

##### (d) Impairment of financial assets (cont'd.)

The measurement of ECL involves increased complexity and judgement that include (cont'd.):

##### (ii) ECL measurement

There are three main components to measure ECL which are a probability of default model ("PD"), a loss given default model ("LGD") and the exposure at default model ("EAD"). The model is to leverage as much as possible the Group's and the Bank's existing Basel II models and performed the required adjustments to produce a MFRS 9 compliant model.

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Group and the Bank have decided to continue measuring the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant, and collectively assess for other financial assets per Group's policy.

##### (iii) Expected life

Lifetime expected credit losses must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayments, extensions, calls and similar options, except for certain revolving financial instruments such as credit cards and overdrafts. The expected life for these revolving facilities generally refers to their behavioural life.

##### (iv) Financial investments at FVOCI

The ECL for financial investments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

##### (v) Forward-looking information

ECL are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward-looking information is based on the Group's and the Bank's research arm, Maybank Kim Eng ("MKE"). In addition, the MKE research assumptions and analysis are also based on the collation of macroeconomic data obtained from various sources such as, but not limited to regulators, government and foreign ministries as well as independent research organisations.

Where applicable, the Group and the Bank incorporate forward-looking adjustments in credit risk factors of PD and LGD used in ECL calculation; taking into account the impact of multiple probability-weighted future forecast economic scenarios.

Embedded in ECL is a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product ("GDP") growth;
- Unemployment rates;
- House Price indices; and
- Central Banks' policy rates.

The Group and the Bank apply the following three alternatives macroeconomic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

*Base scenario:* This scenario reflects that current macroeconomic conditions continue to prevail; and

*Upside and Downside scenarios:* These scenarios are set relative to the base scenario; reflecting best and worst-case macroeconomic conditions based on subject matter expert's best judgement from current economic conditions.

##### (vi) Valuation of collateral held as security for financial assets

The Group's and the Bank's valuation policy for collateral assigned to its financial assets are dependent on its lending arrangements.

#### (e) Modification of loans/financing

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans/financing to borrowers/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 borrower/customer is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower/customer is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the loan/financing;
- Significant extension of the loan/financing term when the borrower/customer is not in financial difficulty;
- Significant change in the interest/profit rate;
- Change in the currency the loan/financing is denominated in; and
- Insertion of collaterals, other securities or credit enhancements that significantly affect the credit risk associated with the loan/financing.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (v) Financial assets (cont'd.)

##### (e) Modification of loans/financing (cont'd.)

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new EIR/EPR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in the income statements as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the income statements. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR/EPR (or credit-adjusted EIR/EPR for purchased or originated credit-impaired financial assets).

##### (f) Reclassification of financial assets

Reclassification of financial assets is permissible when and only when there is change in business model for managing financial assets.

The Group and the Bank do not consider the following changes in circumstances as reclassifications:

- An item that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- An item becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- Changes in measurement where the Group and the Bank adopt fair value option.

##### (vi) Financial liabilities

##### (a) Date of recognition

All financial liabilities are initially recognised on the trade date i.e. the date that the Group and the Bank become a party to the contractual provision of the instruments. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

##### (b) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### (1) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

##### Financial liabilities held for trading

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivatives entered into by the Group and the Bank that do not meet the hedge accounting criteria.

Gains or losses on financial liabilities held for trading are recognised in the income statements as disclosed in other operating income.

##### Financial liabilities designated at fair value

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

The Group and the Bank have adopted Fair Value Option ("FVO") for certain financial liabilities. The Group and the Bank have designated certain financial liabilities namely, structured deposits and borrowings containing embedded derivatives at FVTPL upon inception. Details of the financial liabilities at FVTPL are disclosed in Note 25.

The changes in fair value are presented as follows:

- (i) change in fair value due to own credit risk – presented in other comprehensive income which will not get recycled into profit or loss.
- (ii) change in fair value due to market risk or other factors – presented in income statement.

##### (2) Other financial liabilities

The Group's and the Bank's other financial liabilities include deposits from customers, investment accounts of customers, deposits and placements from financial institutions, debt securities (including borrowings), payables, bills and acceptances payable and other liabilities.

- (i) Deposits from customers, investment accounts of customers and deposits and placements from financial institutions

Deposits from customers, investment accounts of customers and deposits and placements from financial institutions are stated at placement values. Interest/profit expense on deposits from customers, investment accounts of customers and deposits and placements from financial institutions measured at amortised cost is recognised as it accrued using the effective interest/profit method.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (vi) Financial liabilities (cont'd.)

##### (b) Initial recognition and subsequent measurement (cont'd.)

##### (2) Other financial liabilities (cont'd.)

###### (ii) Debt securities

Debt securities issued by the Group and the Bank are classified as financial liabilities or equity in accordance with the substance of the contractual terms of the instruments. The Group's and the Bank's debt securities issued consist of subordinated notes/bonds/sukuk, capital securities and borrowings.

These debt securities are classified as liabilities in the statement of financial position as there is a contractual obligation by the Group and the Bank to make cash payments of either principal or interest/profit or both to holders of the debt securities and that the Group and the Bank are contractually obliged to settle the financial instrument in cash or another financial instrument.

Subsequent to initial recognition, debt securities issued are recognised at amortised cost, with any differences between proceeds net of transaction costs and the redemption value being recognised in the income statements over the period of the borrowings on an effective interest/profit method.

###### (iii) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method.

###### (iv) Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market. These financial liabilities are measured at amortised cost using the effective interest/profit method.

###### (v) Other liabilities

Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

##### (c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in the income statements.

##### (vii) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position of the Group and of the Bank if there is a current legally enforceable

right to offset the recognised amount and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The financial assets and financial liabilities of the Group and of the Bank that are subject to offsetting, enforceable master netting arrangements and similar agreements are disclosed in Note 57.

##### (viii) Derivative financial instruments and hedge accounting

###### (a) Derivative financial instruments

The Group and the Bank trade derivatives such as interest/profit rate swaps and futures, credit default swaps, commodity swaps, currency swaps, currency forwards and options on interest/profit rates, foreign currencies, equities and commodities.

Derivative financial instruments are initially recognised at fair value. For non-option derivatives, their fair value are normally zero or negligible at inception. For purchased or written options, their fair value are equivalent to the market premium paid or received. The derivatives are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statements.

###### (b) Hedge accounting

The Group and the Bank use derivative instruments to manage exposures to interest/profit rates, foreign currencies and credit risks. In order to manage particular risks, the Group and the Bank apply hedge accounting for transactions which meet specified criteria.

At the inception of the hedge relationship, the Group and the Bank formally document the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on ongoing basis.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

###### (1) Fair value hedge

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging instrument is recognised in the income statements. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying amount of the hedged item in the statements of financial position and is also recognised in the income statements.

For fair value hedges relating to items carried at amortised cost, any adjustments to carrying amount is amortised over the remaining term of the hedge using the effective interest/profit method. EIR/EPR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statements.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (viii) Derivative financial instruments and hedge accounting (cont'd.)

##### (b) Hedge accounting (cont'd.)

##### (2) Cash flow hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portions of the gain or loss on the hedging instrument is recognised immediately in the income statements.

When a hedging instrument expires, or is sold, terminated, exercised or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to income statements.

##### (3) Net investment hedge

Net investment hedge, including a hedge of a monetary item that is accounted for as part of the net investment, is accounted for in a way similar to cash flow hedges. Any gains or losses on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income, while any gains or losses relating to the ineffective portion is recognised immediately in the income statements.

On disposal of the foreign operations, the cumulative amount of any such gains or losses recognised in other comprehensive income is transferred to the income statements.

The Group uses its subordinated obligations as a hedge of its exposure to foreign exchange risks on its investments in foreign subsidiaries.

The Group and the Bank apply the interbank offered rate ("IBOR") reform Phase 1 reliefs to hedging relationships directly affected by IBOR reform during the period before the replacement of an existing interest/profit rate benchmark with an alternative risk-free rate ("RFR"). A hedging relationship is affected if IBOR reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs require that for the purpose of determining whether a forecast transaction is highly probable, it is assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform.

The Group and the Bank assume that for the purpose of assessing expected future hedge effectiveness, the interest/profit rate is not altered as a result of IBOR reform. The Group and the Bank do not discontinue the hedging relationship if the results of the assessment of retrospective hedge effectiveness fall outside the monitoring threshold, although any hedge ineffectiveness must be recognised in profit or loss, as normal.

The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item, if the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

The Group and the Bank disclose the details of hedge accounting in Note 13.

##### (ix) Embedded derivatives

Embedded derivatives in financial assets are not separated from a host financial asset and classify based on the business model and their contractual terms as outlined in Note 2.3(v)(b).

Derivatives embedded in financial liabilities and in non-financial host contracts are treated as separate derivatives and recorded at fair value if their economic characteristic and risk are not closely related at those of the host contract is not itself held for trading or designated at FVTPL. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statements.

##### (x) Resale and repurchase agreements

Securities purchased under resale agreements are securities which the Group and the Bank purchase with a commitment to resell at future dates. The commitments to resell the securities are reflected as assets on the statements of financial position. The difference between the purchase and resale prices is recognised in the income statements under the caption of 'interest income and income derived from investment of depositors' funds/Islamic Banking Funds' and is accrued over the life of the agreement using the effective interest/profit method.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank sell from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as liabilities on the statements of financial position. The difference between the sale and the repurchase prices is recognised in the income statements under the caption of 'interest expense and profit distributed to depositors' and is accrued over the life of the agreement using the effective interest/profit method.

##### (xi) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, 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.

Subsequent to initial recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Bank recognise such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statements as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress are not depreciated until the development is completed and is available for use.



## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (xi) Property, plant and equipment and depreciation (cont'd.)

Leasehold land is depreciated over the period of the respective leases which ranges from 30 to 999 years. The remaining period of respective leases ranges from 4 to 996 years.

Depreciation of other property, plant and equipment is computed on a straight-line basis over its estimated useful life at the following annual rates:

Buildings on freehold land	50 years
Buildings on leasehold land	50 years or remaining life of the lease, whichever is shorter
Office furniture, fittings, equipments and renovations	10% – 25%
Computers and peripherals	14% – 25%
Electrical and security equipments	8% – 25%
Motor vehicles	20% – 25%

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statements.

Details of property, plant and equipment of the Group and of the Bank are disclosed in Note 20.

#### (xii) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflect market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statements in the year in which they arise, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statements in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in Note 2.3(xi) up to the date of change in use. Any differences arising at the date of change in use between the carrying amount of the property immediately prior to the change in use and its fair value is recognised directly in equity as revaluation reserve. When a fair value gain reverses a previous impairment loss, the gain is recognised in the income statements. Upon disposal of such investment property, any surpluses previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statements.

The Group disclosed the details of investment properties in Note 16.

Investment property under construction ("IPUC") is measured at fair value (when the fair value is reliably determinable).

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair values of IPUC are determined at the end of the reporting period based on the opinion of a qualified independent valuer and valuations are performed using either the residual method approach or discounted cash flow approach, as deemed appropriate by the valuer. Each IPUC is individually assessed. The Group and the Bank do not have any IPUC as at 31 December 2020.

#### (xiii) Other assets

##### (a) Other debtors and amount due from brokers and clients

Included in other assets are other debtors, amount due from brokers and clients, prepayments and deposits, tax recoverable and foreclosed properties.

These assets are carried at anticipated realisable values. An estimate is made for doubtful debts based on a review of all outstanding balances as at the reporting date. Bad debts are written off when identified.

Included in other debtors are physical gold held by the Group and the Bank as a result of its broker-dealer activities. These are accounted for at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the income statements under the caption of 'other operating income'.

##### (b) Foreclosed assets

Foreclosed assets are those acquired in full or partial satisfaction of debts. Foreclosed assets are stated at the lower of carrying amount and fair value less costs to sell and are recognised in 'other assets'.

#### (xiv) Cash and short-term funds

Cash and short-term funds in the statement of financial position comprise cash balances and deposits with financial institutions and money at call with a maturity of one month or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity of three (3) months or less.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (xv) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is such indication or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use ("VIU"). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its VIU calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an assessment is made at each reporting date as to whether there is any indications that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Bank estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statements.

Further disclosures relating to impairment of non-financial assets are disclosed in the following notes:

- Significant accounting judgements, estimates and assumptions (Note 3);
- Property, plant and equipment (Note 20);
- Right-of-use assets (Note 21); and
- Intangible assets (Note 22).

##### (xvi) Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

When the Group and the Bank expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statements net of any reimbursement.

Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. Any increases in the provision due to the passage of time is recognised in the income statements.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and recognised in the income statements.

##### (xvii) Financial guarantees contract

Financial guarantees are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when it is due in accordance with the contractual terms. In the ordinary course of business, the Group and the Bank give financial guarantees, consisting of letters of credit, guarantees and acceptances.

Financial guarantees premium are initially recognised at fair value on the date the guarantee was issued. Subsequent to initial recognition, the received premium is amortised over the life of the financial guarantee. The guarantee liability (the notional amount) is subsequently recognised at the higher of this amortised amount and the present value of any expected payments (when a payment under guarantee has become probable). The unamortised premium received on these financial guarantees is included within 'other liabilities' in the statements of financial position.

##### (xviii) Foreign currencies

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

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency.

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

Transactions in foreign currencies are measured in the respective functional currencies of the Bank and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in the income statements except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (xviii) Foreign currencies (cont'd.)

##### (b) Foreign currency transactions and balances (cont'd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statements for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

##### (c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of RM of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates for the financial year; and
- All resulting exchange differences are taken directly to other comprehensive income through the foreign currency translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to the income statements (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On the partial disposal of a subsidiary that includes a foreign operation, the Group reattributes the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation, the Group reclassifies to the income statements only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign subsidiaries and translated at the closing rate at the reporting date.

#### (xix) Income and deferred taxes and zakat

##### (a) Income tax

Current tax assets/recoverable and current tax liabilities/provisions are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Income taxes for the year comprises current and deferred taxes. Current tax expenses is determined according to the tax laws of each jurisdiction in which the Bank and its subsidiaries or associates operate and generate taxable income.

Current tax expenses relating to items recognised directly in equity, are recognised in other comprehensive income or in equity and not in the income statements.

Details of income tax for the Group and the Bank are disclosed in Note 49.

##### (b) Deferred tax

Deferred 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 at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside income statements is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (xix) Income and deferred taxes and zakat (cont'd.)

###### (b) Deferred tax (cont'd.)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Details of deferred tax assets and liabilities are disclosed in Note 30.

###### (c) Zakat

This represents business zakat payable by the Group in compliance with Shariah principles and as approved by the Group's Shariah Committee.

##### (xx) Leases

###### (a) Classification

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices. The Group and the Bank combine lease and non-lease components, in cases where splitting the non-lease component is not possible.

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

###### (1) The Group and the Bank as a lessee

The Group and the Bank apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group and the Bank recognise lease liabilities to make lease payments and right-of-use asset representing the right of use of the underlying assets.

###### Right-of-use ("ROU") assets

The Group and the Bank recognise ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of ROU assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Group and the Bank are reasonably certain to exercise that option. Unless

the Group and the Bank are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment assessment. The impairment policy for ROU assets are in accordance with impairment of non-financial assets as described in Note 2.3(xv).

###### Lease liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentive receivables), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating a lease, if the lease term reflects the Group and the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use incremental borrowing rate at the commencement date if the interest/profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest/profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

###### (2) Short-term leases and leases of low-value assets

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group and the Bank also apply the lease of low-value assets recognition exemption to leases of assets that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense when incurred.

##### (xxi) Insurance contracts/takaful certificates

Through its insurance and takaful subsidiaries, the Group issues contracts/certificates to customers that contain insurance/takaful risk, financial risk or a combination thereof. A contract/certificate under which the Group accepts significant insurance/takaful risk from another party by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract/takaful certificate. An insurance contract/takaful certificate may also transfer financial risk, but is accounted for as an insurance contract/takaful certificate if the insurance/takaful risk is significant.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (xxi) Insurance contracts/takaful certificates (cont'd.)

##### (a) Insurance premiums/contribution income

Premiums/contribution income from general insurance/general takaful businesses are recognised in the financial year in respect of risks assumed during that particular financial year. Premiums/contributions from direct business are recognised during the financial year upon issuance of debit notes. Premiums/contributions in respect of risk incepted for which debit notes have not been issued as of the reporting date are accrued at that date.

Premiums/contribution income from life insurance/family takaful businesses are recognised as soon as the amount of the premiums/contributions can be reliably measured. Initial premiums/contributions are recognised from inception date and subsequent premiums/contributions are recognised on due dates. At the end of the financial year, all due premiums/contributions are accounted for to the extent that they can be reliably measured.

##### (b) Reinsurance premiums/retakaful contributions

Reinsurance premiums/retakaful contributions are recognised in the same financial year as the original policies/certificates to which the reinsurance/retakaful relates. Inward treaty reinsurance premiums/retakaful contributions are recognised on the basis of periodic advices received from ceding insurers/takaful operators. Inward facultative reinsurance premiums/retakaful contributions are recognised in the financial year in respect of the facultative risks accepted during that particular financial year, as in the case of direct policies/certificates, following the individual risks' inception dates.

##### (c) Benefits and claims expenses

Benefits and claims expenses are recognised in the income statements when a claimable event occurs and/or the insurer/takaful operator is notified. Recoveries on reinsurance/retakaful claims are accounted for in the same financial year as the original claims are recognised.

##### (d) Commission expenses and acquisition costs

The commission expenses and gross cost of acquiring and renewing insurance contracts/takaful certificates, after net of income derived from ceding reinsurance premiums/retakaful contributions, are recognised as incurred and properly allocated to the periods in which it is probable that they give rise to income.

Gross commissions and agency expenses for life insurance business are costs directly incurred in securing premium on insurance contracts, after net of income derived from ceding reinsurance premium, are recognised in the income statements in the year in which they are incurred.

##### (e) Premium/contribution liabilities, unearned premium/contribution reserves and unexpired risk reserves

###### (1) Premium/contribution liabilities

Premium/contribution liabilities represents the future obligations on insurance contracts/takaful certificates as represented by premium/contribution received for risks that have not yet expired. The movement in

premium/contribution liabilities is released over the term of the insurance contracts/takaful certificates and is recognised as premium/contribution income.

Premium liabilities for general insurance business are reported at the higher of the aggregate of the unearned premium reserves for all lines of business or the best estimated value of the insurer's unexpired risk reserves at the end of the financial year and a provision of risk margin for adverse deviation ("PRAD") as prescribed by BNM.

Contribution liabilities for general takaful business are reported at the higher of the aggregate of the unearned contribution reserves for all line of businesses or the total general takaful fund's unexpired risk reserves at above 75% confidence level at the end of the financial year.

###### (2) Unearned premium reserves ("UPR") and unearned contribution reserves ("UCR")

UPR/UCR represents the portion of net premiums/gross contributions of insurance contracts/takaful certificates written that relate to the unexpired periods of contracts/certificates at the end of the financial year. In determining the UPR/UCR at the reporting date, the method that most accurately reflects the actual unearned premiums/contributions is used as follows:

- 25% method for marine cargos, aviation cargos and transit business;
- 1/24<sup>th</sup> method for all other classes of local business of general insurance and 1/365<sup>th</sup> method for all other classes of general takaful business, reduced by the corresponding percentage of accounted gross direct business commissions to the corresponding premiums/contributions, not exceeding limits specified by BNM;
- 1/8<sup>th</sup> method for all classes of overseas business with a deduction of 20% for commissions;
- Earned upon maturity method for bond business written by the general takaful funds; and
- Non-annual policies are time-apportioned over the period of the risks after deducting the commission, that relate to the unexpired periods of policies at the end of the financial year.

###### (3) Unexpired risk reserves ("URR")

The URR is the prospective estimate of the expected future payments arising from future events insured under contracts/certificates in force as at the reporting date and also includes allowance for expenses, including overheads and cost of reinsurance/retakaful, expected to be incurred during the unexpired period in administering these contracts/certificates and settling the relevant claims and expected future premium/contribution refunds. URR is estimated via an actuarial valuation performed by the signing actuary.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (xxi) Insurance contracts/takaful certificates (cont'd.)

###### (f) Reinsurance/retakaful assets

The insurance and takaful subsidiaries of the Bank cede insurance/takaful risks in the normal course of their businesses. Reinsurance/retakaful assets represent amounts recoverable from reinsurers or retakaful operators for insurance contracts/takaful certificates liabilities which have yet to be settled at the reporting date. At each reporting date, or more frequently, the insurance and takaful subsidiaries of the Bank assess whether objective evidence exists that reinsurance/retakaful assets are impaired.

To determine whether there is objective evidence that an impairment loss on reinsurance/retakaful asset has been incurred, the insurance and takaful subsidiaries of the Bank consider factors such as the probability of insolvency or significant financial difficulties of the issuer or obligor and default or significant delay in payments. If any such evidence exists, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original EIR/EPR. The impairment loss is recognised in the income statements.

Reinsurance/retakaful assets are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

###### (g) Insurance/takaful receivables

Insurance/takaful receivables are recognised when due and measured on initial recognition at fair value. Subsequent to initial recognition, insurance/takaful receivables are measured at amortised cost, using the effective yield method. At each reporting date, the insurance and takaful subsidiaries of the Bank assess whether objective evidence exists that insurance/takaful receivables are impaired.

To determine whether there is objective evidence that an impairment loss on insurance/takaful receivables has been incurred, the insurance and takaful subsidiaries of the Bank consider factors such as the probability of insolvency or significant financial difficulties of the issuer or obligor and default or significant delay in payments. If any such evidence exists, the insurance and takaful subsidiaries of the Bank reduce the carrying amount of the insurance/takaful receivables accordingly and recognise that impairment loss in the income statements.

Insurance/takaful receivables are derecognised when the contractual right to receive cash flows has expired or substantially all the risks and rewards have been transferred to another party.

###### (h) Insurance contract/takaful certificate liabilities

Insurance contract/takaful certificate liabilities are recognised when contracts/certificates are in-force and premiums/contributions are charged. Insurance contract/takaful certificate liabilities are derecognised when the contracts/certificates have expired, discharged or cancelled. Any adjustments to the liabilities at each reporting date is recorded in the income statements. Profits originating from margins of adverse deviation on run-off contracts/certificates, are recognised in the income

statements over the life of the contract/certificate, whereas losses are fully recognised in the income statements during the first year of run-off.

An assessment is made at each reporting date through the performance of a liability adequacy test to determine whether the recognised insurance contract/takaful certificate liabilities are adequate to cover the obligations of insurance/takaful subsidiaries, contractual or otherwise, with respect to insurance contracts/takaful certificates issued. In performing the liability adequacy test, the insurance/takaful subsidiaries discount all contractual cash flows and compare them against the carrying amount of insurance contract/takaful certificate liabilities. Any deficiencies are recognised in the income statements.

###### (i) Claim liabilities

Claim liabilities represent the insurer's obligations, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at reporting date. Claim liabilities are the estimated provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") and related claims handling costs. These comprise of the best estimate value of claim liabilities and a PRAD as prescribed by BNM. Liabilities for outstanding claims are recognised upon notification by policyholders/participants. Claim liabilities are determined based upon valuations performed by the signing actuary, using a range of actuarial claims projection techniques based on, amongst others, actual claims development patterns. Claim liabilities are not discounted.

###### (j) Expense liabilities

Expense liabilities in relation to general takaful and family takaful businesses are based on estimations performed by a qualified actuary. Changes in expense liabilities are recognised in the income statements.

###### (k) Insurance/takaful payables

Insurance/takaful payables are recognised when due and measured on initial recognition at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest/profit method.

##### (xxii) Fair value measurement

The Group and the Bank measure financial instruments such as financial investments at FVTPL, financial investments designated at FVTPL, financial investments at FVOCI, derivatives, non-financial assets such as investment properties and financial liabilities at FVTPL, at fair value at each statement of financial position date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and the Bank.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (xxii) Fair value measurement (cont'd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between fair value hierarchy levels by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value hierarchies of financial instruments and non-financial assets that are measured at fair value are disclosed in Note 56(c).

While the fair value hierarchies of financial assets and financial liabilities that are not measured at fair value, the fair value are disclosed in Note 56(g).

#### (xxiii) Interest/profit income and expense

Interest/profit-bearing financial assets classified as financial investments at FVTPL, financial investments at FVOCI, financial investments at amortised cost and loans, advances and financing are recognised in the income statements under the caption of 'interest income and income derived from investment of depositors' funds/investment account funds/Islamic Banking Funds' using the effective interest/profit method. Interest/profit-bearing financial liabilities classified as deposits from customers, investment accounts of customers, deposits and placements from financial institutions, financial liabilities at FVTPL, debt securities and payables are recognised in the income statements under the caption 'interest expense and profit distributed to depositors' using 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 expense/profit distributed to depositors over the relevant period. The EIR/EPR is the rate that exactly discounts estimated future cash payments or receipts through 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

EIR/EPR, the Group and the Bank take into account all contractual terms of the financial instrument and include any fees or incremental costs that are directly attributable to the instrument, which are an integral part of the EIR/EPR, but does not consider future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest/profit income continues to be recognised using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss.

Profit income and profit distributed to depositors from Islamic banking business are recognised on an accrual basis in accordance with the principles of Shariah.

#### (xxiv) Fee and other income

##### (a) Fee income

The Group and the Bank earn fee income from a diverse range of services they provide to its customers as follows:

##### (1) Fee income earned on the execution of a significant act

Income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as an arrangement for the acquisition of shares or other securities).

##### (2) Fee income earned from provision of services

Income earned from the provision of services is recognised as revenue over the period in which the services are provided (for example, asset management, portfolio and other management advisory and service fees).

##### (3) Fee income that forms an integral part of the effective interest/profit rate of a financial instrument

Income that forms an integral part of the effective interest/profit rate of a financial instrument is recognised as an adjustment to the effective interest/profit rate (for example, certain loan/financing commitment fees) and recorded as part of 'interest and income derived from investment of depositors' funds/investment account funds/Islamic Banking Funds' in the income statements.

Fee income can be divided into the following categories:

##### (1) Commission

Income earned in respect of sales or distribution of banking, investments and insurance products. Commission earned from banking is on trade and bancassurance.

##### (2) Service charges and fees

Income earned on the services provided to retail and corporate customers, including account management and various transaction-based services, such as interchange foreign currency transactions, money order processing and insufficient funds/overdraft transactions.

##### (3) Underwriting fees

Income earned for the placement of a customer's debt or equity securities.

##### (4) Brokerage income

Brokerage income includes fees earned from transaction-based services that are performed as part of investment management services.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (xxiv) Fee and other income (cont'd.)

###### (a) Fee income (cont'd.)

Fee income can be divided into the following categories (cont'd.):

###### (5) Fees on loans, advances and financing

Income earned in respect of loans, advances and financing such as loan/financing commitments, financial guarantees and standby letters of credit.

###### (b) Dividend income

Dividend income is recognised when the Group's and the Bank's right to receive the payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

###### (c) Customer loyalty programmes

Award credits under the customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated between the cost of award credits and the other components of the sale. The consideration allocated to award credits is recognised in the income statements under the caption of 'other operating income' when award credits are redeemed.

As at 31 December 2020, the remaining performance obligations associated with future net fee income of the Group ranging from 1 year to 3 years and more than 3 years are RM305.7 million (2019: RM331.1 million) and RM269.5 million (2019: RM256.3 million) respectively.

##### (xxv) Employee benefits

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

Wages, salaries, bonuses and social security contributions are recognised as an expense in the income statements in the year in which the associated services are rendered by employees of the Group and of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised as an expense in the income statements when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised as an expense in the income statements when the absences occur.

###### (b) Other long-term employee benefits

Other long-term employee benefits are benefits that are not expected to be settled wholly before twelve months after the end of the reporting date in which the employees render the related services.

The cost of long-term employee benefits is accrued to match the services rendered by employees of the Group using the recognition and measurement bases similar to that for defined benefit plans disclosed in Note 2.3(xxv)(d), except that the remeasurements of the net defined benefit liability or asset are recognised immediately in the income statements.

###### (c) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Certain overseas branches and overseas subsidiaries of the Bank make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statements when incurred.

###### (d) Defined benefit plans

As required by labour laws in certain countries, certain subsidiaries of the Bank are required to pay severance payments to their employees upon employees' retirement. The Group treats such severance payment obligations as defined benefit plans or pension plans.

The defined benefit costs and the present value of defined benefit obligations are calculated at the reporting date by the qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in the income statements on the earlier of:

- The date of the plan amendment or curtailment; or
- The date that the overseas subsidiaries of the Bank recognise restructuring related costs.

Net interest on the net defined benefit asset or liability and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in the income statements.

The Group disclosed the details of defined benefit plans in Note 27(i).

###### (e) Share-based compensation

###### (1) Employees' Share Grant Plan ("ESGP Shares")

The ESGP Shares is awarded to the eligible Executive Directors and employees of the participating Maybank Group excluding dormant subsidiaries. The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of the ESGP Committee.

The total fair value of ESGP Shares granted to eligible employees is recognised as an employee cost with a corresponding increase in the reserve within equity over the vesting period and taking into account the probability that the ESGP Shares will vest. The fair value of ESGP Shares is measured at grant date, taking into account, the market and non-market vesting conditions upon which the ESGP Shares were granted.

Upon vesting of ESGP Shares, the Bank will recognise the impact of the actual numbers of ESGP Shares vested as compared to original estimates.



## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (xxv) Employee benefits (cont'd.)

##### (e) Share-based compensation (cont'd.)

##### (2) Cash-settled Performance-based Employees' Share Grant Plan ("CESGP")

The CESGP is awarded to the eligible Executive Directors and employees of the participating Maybank Group, subject to achievement of performance criteria set out by the Board of Directors and prevailing market practices in the respective countries. Upon vesting, the cash amount equivalent to the value of the Maybank Reference Shares will be transferred to the eligible employees.

The total fair value of CESGP granted to eligible employees is recognised as an employee cost with a corresponding increase in the liability over the vesting period and taking into account the probability that the CESGP will vest. The fair value of CESGP is measured at grant date, taking into account, the market and non-market vesting conditions upon which the CESGP were granted.

Upon vesting of CESGP, the Group and the Bank will recognise the impact of the actual numbers of CESGP vested as compared to original estimates.

Details of share options granted under ESGP and CESGP are disclosed in Note 34(b).

#### (xxvi) Non-current assets (or disposal group) held for sale and discontinued operations

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale and the sale is expected to have been completed within one year from the date of classification.

Immediately before the initial classification of non-current assets (or disposal group) as held for sale, the carrying amount of non-current assets (or component of a disposal group) is remeasured in accordance with applicable MFRS. Thereafter, the non-current assets (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment losses on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and investment property, which continue to be measured in accordance with MFRS. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment losses.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Equity accounting on associates ceases once the associates are classified as held for sale.

A disposal group qualifies as discontinued operation if it is a component of the Group and of the Bank that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statements.

#### (xxvii) Share capital and dividends declared

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Transaction costs directly attributable to the issuance of new equity shares are taken to equity as a deduction against the issuance proceeds.

Dividends declared on ordinary shares are recognised as a liability and deducted from equity in the period in which all relevant approvals have been obtained.

#### (xxviii) 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. The Group and the Bank do not recognise contingent assets but disclose its existence when inflows of economic benefits are probable but not virtually certain.

Contingent liabilities are possible obligations that arise from past events, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Bank; or are present obligations that have arisen from past events but are not recognised because it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably. The Group and the Bank do not recognise contingent liabilities. Contingent liabilities are disclosed, unless the probability of outflow of economic benefits is remote.

#### (xxix) Earnings per share

The Group presents basic and diluted (where applicable) earnings per share ("EPS") for profit or loss from continuing operations attributable to the ordinary equity holders of the Bank on the face of the income statements.

Basic EPS is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year, which has been adjusted for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

Where there is a discontinued operation reported, the Group presents the basic and diluted amounts per share for the discontinued operation on the face of the income statements.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (xxx) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or a group of people that is responsible to allocate resources and assess the performances of the operating segments of an entity. The Group has determined the Group Executive Committee of the Bank as its chief operating decision-maker.

All transactions between business segments (intra-segment revenue and costs) are being eliminated at Head Office. Income and expenses directly associated with each business segment are included in determining business segment performance.

The Group disclosed its segment information in Note 62.

##### (xxxi) Financial assistance scheme

Financing under a government scheme is recognised and measured in accordance with MFRS 9 *Financial Instruments*, with the benefit at a below market and concession rate is measured as the difference between the initial carrying amount or fair value of the financing and the amount received. Government financing facility is measured in accordance with the amount received.

The benefit of a financing or a facility under a government scheme that addresses identified costs or expenses incurred by the Group and the Bank is recognised in the profit or loss in the same financial period when the costs or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

#### 2.4 Changes in accounting policies and disclosures

On 1 January 2020, the Group and the Bank adopted the following Revised Conceptual Framework and amendments to MFRSs:

Description	Effective for annual periods beginning on or after
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 4 <i>Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 – <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139 – <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to MFRS 16 <i>Leases – COVID-19 Related Rent Concessions</i>	1 June 2020

#### Revised Conceptual Framework for Financial Reporting

The International Accounting Standards Board (“IASB”) issued an update to the Conceptual Framework in April 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The main changes in the Conceptual Framework are as follows:

- Reintroduces the concept of stewardship and the information needed to assess management’s stewardship;
- Reintroduces the concept of prudence;
- Defines the concept of measurement uncertainty;
- Reinstates an explicit reference to the need to “faithfully represent the substance of the phenomena that it purports to represent”; and
- Made changes to the definitions of an Asset and a Liability.

The revised conceptual framework is effective for annual periods beginning on or after 1 January 2020. The Group and the Bank have assessed the implication for adopting the Revised Conceptual Framework for Financial Reporting. The adoption of the framework has no significant impact on the Group’s and the Bank’s financial statements.

#### Amendments to MFRS 3 *Definition of a Business*

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have ‘the ability to contribute to the creation of outputs’ rather than ‘the ability to create outputs’.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed. These amendments do not have any impact on the Group’s and the Bank’s financial statements.

#### Amendments to MFRS 4 *Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9*

The amendments are to extend the expiry date of the temporary exemption from applying MFRS 9 by two years in order to align with the effective date of MFRS 9 *Financial Instruments* with MFRS 17 *Insurance Contract*.

The amendments took effect immediately. These amendments do not have any impact on the Group’s financial statements.

#### Amendments to MFRS 101 and MFRS 108 – *Definition of Material*

Amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments also explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. These amendments do not have any impact on the Group’s and the Bank’s financial statements.

## 2. ACCOUNTING POLICIES (CONT'D.)

### 2.4 Changes in accounting policies and disclosures (cont'd.)

#### Amendments to MFRS 7, MFRS 9 and MFRS 139 – Interest Rate Benchmark Reform

The amendments apply to all hedging relationships directly affected by interest rate benchmark reform. The amendments clarify that a hedging relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties on:

- the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or
- the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instruments.

Interest rate benchmark reform refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report "Reforming Major Interest Rate Benchmarks".

The Group and the Bank shall disclose:

- the significant interest rate benchmarks to which the Group's and the Bank's hedging relationship are exposed;
- the extent of the risk exposure the Group and the Bank manage that are directly affected by the interest rate benchmark reform;
- how the Group and the Bank are managing the process to transition to alternative benchmark rates;
- a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and
- the nominal amount of the hedging instruments in those hedging relationships.

These amendments include a number of relief, which apply to all hedging relationship that are directly affected by interest of benchmark reform. These amendments are to be applied retrospectively in annual periods beginning on or after 1 January 2020 only to hedging relationships and the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which the Group and the Bank first apply the amendments. These amendments do not have any significant impact to the financial statements of the Group and of the Bank.

#### Amendment to MFRS 16 Leases – COVID-19 Related Rent Concessions

The amendment provide lessees with an option to treat qualifying COVID-19 related rent concession not as a lease modification. Lessees may account the concession as a variable lease payment in the period it is granted.

The amendment is effective for annual reporting period beginning on or after 1 June 2020. Earlier application is permitted and must be disclosed. These amendment do not have any material impact on the Group's and the Bank's financial statements.

### 2.5 Significant changes in regulatory requirements

#### (i) Domestic Systemically Important Banks ("D-SIB") Framework issued by Bank Negara Malaysia ("BNM")

On 5 February 2020, BNM issued a Policy document on Domestic Systemically Important Banks ("D-SIB") Framework and identified

Maybank as one of the banks categorised as a D-SIB. Maybank is categorised under Bucket 2 of the Higher Loss Absorbency ("HLA") requirements which will come into effect on 31 January 2021. This Policy document supersedes the Domestic Systemically Important Banks Framework Survey issued on 10 October 2016.

#### (ii) Revised Policy Documents on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM

On 9 December 2020, BNM issued revised Policy documents on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) which came into effect immediately and shall be applied prospectively. The revised Policy documents apply to financial institutions in Malaysia which covers licensed banks, licensed Islamic banks, licensed investment banks, licensed banks carrying on Islamic banking business and financial holding companies. The revised Policy documents superseded Policy documents issued by BNM previously, namely Guidelines on the Recognition and Measurement of Profit Sharing Investment Account as Risk Absorbent dated 22 July 2011, Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), both dated 5 February 2020.

The revised Policy documents were updated to include:

- (a) Additional capital buffer requirements on the HLA requirements for financial institution that is designated as a D-SIB; and
- (b) The transitional arrangements for regulatory capital treatment of accounting provisions. Financial institutions which elect to apply the transitional arrangements are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses ("ECL") to Common Equity Tier 1 Capital over a four-year period from financial year beginning 2020 or a three-year period from financial year beginning 2021. This is consistent with the guidance issued by the Basel Committee of Banking Supervision on "Regulatory treatment of accounting provisions – interim approach and transitional arrangement" (March 2017) and "Measures to reflect the impact of Covid-19" (April 2020).

For the financial year ended 31 December 2020, the Group and the Bank did not elect to apply the transitional arrangement and will reassess the position in 2021. The application of the revised Policy documents do not have any significant impact to the financial statements of the Group and of the Bank.

#### (iii) Measures announced by BNM to assist individuals, small-medium enterprises ("SMEs") and corporates affected by COVID-19

During the financial year ended 31 December 2020, BNM had announced various COVID-19 assistance programmes which aimed to support economy at large and provide relief to all affected individuals, SMEs and corporations. The support measures include the following:

##### Automatic six-month moratorium

The automatic moratorium applies to ringgit-denominated loans/financing that are not in arrears exceeding 90 days as of 1 April 2020. However, the moratorium did not apply to credit card balances. For outstanding credit card balances, customers will be offered an option to convert the outstanding balances into term-loan of not more than three years.

## Notes to the Financial Statements

31 December 2020

### 2. ACCOUNTING POLICIES (CONT'D.)

#### 2.5 Significant changes in regulatory requirements (cont'd.)

##### (iii) Measures announced by BNM to assist individuals, small-medium enterprises ("SMEs") and corporates affected by COVID-19 (cont'd.)

During the financial year ended 31 December 2020, BNM had announced various COVID-19 assistance programmes which aimed to support economy at large and provide relief to all affected individuals, SMEs and corporations. The support measures include the following (cont'd.):

##### Automatic six-month moratorium (cont'd.)

The moratorium did not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment. The financial impacts of the moratorium to the income statements of the Group and of the Bank are as follows:

31 December 2020	Group RM'000	Bank RM'000
(i) Loss on modification of cash flows		
Included in interest income	(273,798)	(248,537)
Included in income from IBS	(689,084)	-
	(962,882)	(248,537)
(ii) Benefits recognised under the various government schemes		
Included in interest income	199,558	199,558
Included in income from IBS	448,164	-
	647,722	199,558
Net effects of (i) and (ii)		
Included in interest income (Note 38)	(74,240)	(48,979)
Included in income from IBS (Note 65(ab))	(240,920)	-
	(315,160)	(48,979)

##### Repayment assistance and classification in the Central Credit Reference Information System ("CCRIS")

Recognising the challenging environment, financial institutions are granting additional repayment assistance for individuals and SMEs whose income have been affected by the pandemic, to support economic recovery and safeguard livelihood of Malaysians.

The assistance is extended to facilities approved before 1 October 2020 which are not in arrears of more than 90 days at the time a borrower/customer requests for repayment assistance. The additional repayment assistance will be available to eligible borrowers/customers until 30 June 2021.

The repayment assistance does not automatically result in a stage transfer under MFRS 9 in the absence of other factors indication evidence of significant increase in credit risk ("SICR"). Judgement and more holistic assessment of all relevant indicators and information, such as historical repayment and delinquency trend pre-COVID-19 pandemic, are applied in determining SICR. In addition, the loan/

financing that is approved under repayment assistance is exempted to be reported as rescheduling and restructuring ("R&R") and credit impaired in CCRIS.

##### Supervisory and Prudential Measures

During the financial year ended 31 December 2020, financial institutions are allowed to operate below the minimum Net Stable Funding Ratio and Liquidity Coverage Ratio of 100%, draw down the capital conservation buffer of 2.5% and reduce the regulatory reserves held against expected losses to 0%. However, financial institutions are expected to restore their buffer to the minimum regulatory requirement by 30 September 2021.

As at 31 December 2020, the Group and the Bank did not opt for any of the prudential buffers.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ. The most significant uses of judgements and estimates are as follows:

#### 3.1 Going concern

The Group's and the Bank's management have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### 3.2 Impairment of financial investments portfolio (Notes 10, 11 and 47)

The Group and the Bank review their financial investments at FVOCI and financial investments at amortised cost under MFRS 9 which required to recognise the ECL at each reporting date to reflect changes in credit risk of the financial investments not at FVTPL. MFRS 9 incorporates forward-looking and historical, current and forecasted information into ECL estimation.

In carrying out the impairment review, the following management's judgements are required:

- (i) Determination whether the investment is impaired based on certain indicators such as, amongst others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of ECL that reflect:
  - (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - (b) The time value of money; and
  - (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The overlays and post-model adjustments arising from COVID-19 pandemic involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes. The impact is outlined in Note 3.4.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

#### 3.3 Fair value estimation of financial assets/investments at FVTPL (Notes 8 and 9), financial investments at FVOCI (Note 10), loans, advances and financing at FVOCI (Note 12), derivative financial instruments (Note 13) and financial liabilities at FVTPL (Note 25)

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques. Valuation techniques include the discounted cash flows method, option pricing models, credit models and other relevant valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Refer to Note 56 for further disclosures.

#### 3.4 Impairment losses on loans, advances and financing (Notes 12, 27 and 46)

The Group and the Bank review their individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the income statements. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment losses. In estimating these cash flows, the Group and the Bank make judgements about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowances.

The Group's and the Bank's ECL calculations under MFRS 9 are outputs of complex models with a number of underlying assumptions regarding the choices of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) Internal credit grading model, which assigns PDs to the individual grades;
- (ii) Criteria for assessing possible significant increase in credit risk and qualitative information to determine if allowances should be measured using lifetime ECL basis;
- (iii) The segmentation of financial assets when their ECL is assessed on a collective basis;
- (iv) Development of ECL models, including the various formulas and the choice of inputs;
- (v) Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values and the effect on PDs, EADs and LGDs; and
- (vi) Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models.

#### Overlays and adjustments for ECL amid COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL as at 31 December 2020.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring in 2021.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes.

The borrowers or customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays and post-model adjustments were generally made at portfolio level in determining the sufficient level of ECL.

The impact of these post-model adjustments were estimated at both portfolio and vulnerable obligors level amounting to RM2,439.9 million for the Group and RM1,383.7 million for the Bank as at 31 December 2020.

These overlays include impact assessment on impairment of financial investments portfolio as outlined in Note 3.2.

#### 3.5 Valuation of investment properties (Note 16)

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent valuers who hold a recognised and relevant professional qualification and have recent experience in the locations and category of the properties being valued.

#### 3.6 Impairment of investment in subsidiaries (Note 18) and interest in associates and joint ventures (Note 19)

The Group assesses whether there is any indication that an investment in subsidiaries and interest in associates and joint ventures which may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts and estimated recoverable amounts of the investments.

Judgements made by management in the process of applying the Group's accounting policies in respect of investment in subsidiaries and interest in associates and joint ventures are as follows:

- (i) The Group determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment; and
- (ii) Depending on their nature and the location in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions.

## Notes to the Financial Statements

31 December 2020

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

#### 3.6 Impairment of investment in subsidiaries (Note 18) and interest in associates and joint ventures (Note 19) (cont'd.)

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks and expected future outcomes based on certain past trends.

##### Sensitivity to changes in assumptions

Management believes that no reasonably expected possible changes in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

#### 3.7 Impairment of goodwill (Note 22(i))

The Group tests annually whether the goodwill that has an indefinite life is impaired by measuring the recoverable amount of the CGU based on the VIU method, which requires the use of estimates of future cash flow projections, terminal growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment.

#### 3.8 Deferred tax (Note 30) and income tax (Note 49)

The Group and the Bank are subject to income tax in many jurisdictions and significant judgement is required in estimating the provision for income tax. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

#### 3.9 Liabilities of insurance business (Note 26)

##### (a) Life insurance and family takaful businesses

There are several sources of uncertainties that need to be considered in the estimation of life insurance and family takaful liabilities.

For life insurance contracts, the main assumptions used relate to mortality, morbidity, longevity, expenses, withdrawal rates and discount rates. These estimates, adjusted when appropriate to reflect the insurance subsidiary's unique risk exposures, provide the basis for the valuation of future policy benefits payable.

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns in accordance with the takaful subsidiary's experience. The family takaful fund bases the estimate of expected number of deaths on applied mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions. For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends.

##### (b) General insurance and general takaful businesses

The principal uncertainties in the general insurance and general takaful businesses arise from the technical provisions which include the premium/contribution liabilities and claim liabilities. The basis of valuation of the premium/contribution liabilities and claim liabilities are disclosed in Note 2.3(xxi).

Generally, claim liabilities are determined based upon historical claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims, development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. It is certain that actual, future contribution and claims liabilities will not exactly develop as projected and may vary from the projections.

#### 3.10 Defined benefit plans (Note 27(i))

The cost of the defined benefit plan and other post employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected rate of returns on investments, future salary increases, mortality rates, resignation rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high quality government bonds in their respective currencies and extrapolated maturity corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about the assumptions used, including a sensitivity analysis, are given in Note 27(i)(d).

#### 3.11 Deemed controlled structured entities (Note 66(b))

The Group has established a number of fixed income funds and equity funds, where it is deemed to be acting as principal rather than agent in its role as funds investment manager for the funds. Accordingly, the Group is deemed to control these entities and consolidate these entities based on the accounting policies as disclosed in Note 2.2.

#### 3.12 Leases – renewal option (Note 21 and Note 27(iv))

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

#### 3.12 Leases – renewal option (Note 21 and Note 27(iv)) (cont'd.)

The Group and the Bank have the option, under some of its leases to lease the assets for additional terms of three to five years. The Group and the Bank apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group and the Bank included the renewal period as part of the lease term for leases of premises and IT equipments due to the significance of these assets to its operations.

### 4. STANDARDS AND ANNUAL IMPROVEMENTS TO STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board (“MASB”), but not yet effective, up to the date of issuance of the Group’s and of the Bank’s financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 <i>Interest Rate Benchmark Reform Phase 2</i>	1 January 2021
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 3 <i>Business Combination – Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

#### Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 *Interest Rate Benchmark Reform Phase 2*

The amendments provide a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest/profit rate benchmark reform, but would instead update the effective interest/profit rate to reflect the change in the interest/profit rate benchmark. On hedging relationship, entities would be

required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

The amendments are effective for annual reporting periods beginning on or after 1 January 2021, retrospectively in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, without the need to restate comparative information. Restatement of prior periods is permitted if, and only if, it is possible without the use of hindsight. Earlier application is permitted.

The Group and the Bank have established a project team to evaluate the potential impact of adopting this standard on the required effective date.

#### Annual Improvements to MFRS Standards 2018 – 2020

The amendments permit a subsidiary that elects to apply paragraph D13(a) of MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to MFRS. The amendments are also applied to an associate or joint venture that elects to apply paragraph D13(a) of MFRS 1. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have any impact on the Group’s and the Bank’s financial statements.

#### Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have any impact on the Group’s and the Bank’s financial statements.

#### Amendments to MFRS 3 *Business Combination – Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements* with reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirement.

The amendments explain the exception to the recognition principle of MFRS 3 to avoid the issue of potential gains or losses arising for liabilities and contingent liabilities that would be within the scope of MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately.

The existing guidance in MFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*. The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2022, earlier application is permitted. The amendments are not expected to have any impact on the Group’s and the Bank’s financial statements.

## Notes to the Financial Statements

31 December 2020

### 4. STANDARDS AND ANNUAL IMPROVEMENTS TO STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

#### **Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract**

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has incurred on assets used in fulfilling the contract.

The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2022, earlier application is permitted. The amendments are not expected to have any impact on the Group's and the Bank's financial statements.

#### **Amendments to MFRS 101 Classification of Liabilities as Current or Non-current**

The amendments clarify the following:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

#### **MFRS 17 Insurance Contracts**

MFRS 17 will replace MFRS 4 *Insurance Contracts* that was issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The main features of the new accounting model for insurance contracts are, as follows:

- (i) The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- (ii) A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period);
- (iii) Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- (iv) The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- (v) The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- (vi) Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet;
- (vii) Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense; and

- (viii) Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The standard is effective for annual periods beginning on or after 1 January 2023. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17. An entity shall apply MFRS 17 retrospectively for estimating the CSM on the transition date. However, if full retrospective approach application for estimating the CSM, as defined by MFRS 108 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

#### (i) Modified retrospective approach

Based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application.

#### (ii) Fair value approach

The CSM is determined as the positive difference between the fair value determined in accordance with MFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date).

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

The Group has established a project team, with assistance from the Actuarial, Finance, Risk, IT and various Business sectors to study the implication and to evaluate the potential impact of adopting this standard on the required effective date.

#### **Amendments to MFRS 17 Insurance Contracts**

The amendments are to address the concerns raised by stakeholders and ease transition by providing the additional relief to reduce the effort required when adopting MFRS 17 for the first time. The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2023. The amendments will be assessed together with other MFRS 17 requirement as mentioned above.

#### **Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments clarify that:

- Gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- Gains and losses resulting from transactions involving the sale or contribution of assets to an associate or a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the MASB. Earlier application is permitted. The amendments are not expected to have material impact on the Group's and the Bank's financial statements.



## 5. CASH AND SHORT-TERM FUNDS

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash balances and deposits with financial institutions		38,565,571	43,732,281	24,111,660	19,053,083
Money at call		5,329,573	2,752,952	-	-
		<b>43,895,144</b>	46,485,233	<b>24,111,660</b>	19,053,083
Allowances for impairment loss	(i)	<b>(10,430)</b>	(16,159)	<b>(5,630)</b>	(12,549)
		<b>43,884,714</b>	46,469,074	<b>24,106,030</b>	19,040,534

The Group's monies held-in-trust for clients as at the reporting date are approximately RM5,288,016,000 (2019: RM2,806,602,000). These amounts are excluded from the cash and short-term funds of the Group in accordance with Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18. The Bank does not have monies held-in-trust for clients as at the reporting date.

(i) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on cash and short-term funds are as follows:

### As at 31 December 2020

Changes in the cash and short-term funds for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- The Group's overall gross carrying amount for cash and short-term funds decreased as a result of derecognition of financial assets which correspondingly decreased the ECL allowances.
- The Bank's overall gross carrying amount for cash and short-term funds increased as a result of recognition of new financial assets originated with lower credit risk which correspondingly decreased the ECL allowances.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2020	16,159	-	-	16,159
Net remeasurement of allowances	(4,313)	-	-	(4,313)
Exchange differences	(1,416)	-	-	(1,416)
At 31 December 2020	10,430	-	-	10,430
<b>Bank</b>				
At 1 January 2020	12,549	-	-	12,549
Net remeasurement of allowances	(5,808)	-	-	(5,808)
Exchange differences	(1,111)	-	-	(1,111)
At 31 December 2020	5,630	-	-	5,630

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### 5. CASH AND SHORT-TERM FUNDS (CONT'D.)

- (i) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on cash and short-term funds are as follows (cont'd.):

#### As at 31 December 2019

Changes in the cash and short-term funds for the Group and the Bank that contributed to changes in the loss allowances during the previous financial year ended 31 December 2019 were mainly due to the following:

- The Group's and the Bank's overall gross carrying amount for cash and short-term funds decreased as a result of derecognition of financial assets which correspondingly decreased the ECL allowances.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2019	26,392	–	–	26,392
Net remeasurement of allowances	(13,318)	–	–	(13,318)
Exchange differences	3,085	–	–	3,085
At 31 December 2019	16,159	–	–	16,159
<b>Bank</b>				
At 1 January 2019	21,880	–	–	21,880
Net remeasurement of allowances	(12,228)	–	–	(12,228)
Exchange differences	2,897	–	–	2,897
At 31 December 2019	12,549	–	–	12,549

### 6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Licensed banks		4,740,815	3,999,093	10,531,734	18,604,708
Bank Negara Malaysia		6,284	1,901,951	6,284	1,901,951
Other financial institutions	(i)	5,399,975	8,230,077	4,736,292	7,803,976
		10,147,074	14,131,121	15,274,310	28,310,635
Allowances for impairment losses	(ii)	(18,143)	(37,903)	(5,962)	(23,297)
		10,128,931	14,093,218	15,268,348	28,287,338

- (i) Included in deposits and placements with other financial institutions is USD13.0 million (2019: USD40.0 million) or Ringgit Malaysia equivalent of RM52.2 million (2019: RM163.8 million) pledged with the New York State Banking Department which is not available for use by the Group and the Bank due to capital equivalency deposit requirements.
- (ii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on deposits and placements with financial institutions are as follows:

#### As at 31 December 2020

Changes in the deposits and placements with financial institutions for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- The decrease in the Group's and the Bank's gross carrying amount of deposits and placements with financial institutions due to derecognition of financial assets contributed to the decrease in ECL allowances.

## 6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS (CONT'D.)

- (ii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on deposits and placements with financial institutions are as follows (cont'd.):

### As at 31 December 2020 (cont'd.)

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2020	37,903	-	-	37,903
Net remeasurement of allowances	1,274	-	-	1,274
New financial assets originated or purchased	15,486	-	-	15,486
Financial assets derecognised	(38,263)	-	-	(38,263)
Exchange differences	1,743	-	-	1,743
At 31 December 2020	18,143	-	-	18,143
<b>Bank</b>				
At 1 January 2020	23,297	-	-	23,297
Net remeasurement of allowances	1	-	-	1
New financial assets originated or purchased	5,021	-	-	5,021
Financial assets derecognised	(24,255)	-	-	(24,255)
Exchange differences	1,898	-	-	1,898
At 31 December 2020	5,962	-	-	5,962

### As at 31 December 2019

Changes in the deposits and placements with financial institutions for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to the following:

- The overall increase in the Group's and the Bank's gross carrying amount for deposits and placements with financial institutions was mainly contributed by the increase in the deposits and placements with other financial institutions and licensed banks which correspondingly increased the overall ECL allowances.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2019	8,525	-	-	8,525
Net remeasurement of allowances	22,955	-	-	22,955
New financial assets originated or purchased	12,195	-	-	12,195
Financial assets derecognised	(2,195)	-	-	(2,195)
Exchange differences	(3,577)	-	-	(3,577)
At 31 December 2019	37,903	-	-	37,903
<b>Bank</b>				
At 1 January 2019	8,065	-	-	8,065
Net remeasurement of allowances	20,596	-	-	20,596
New financial assets originated or purchased	189	-	-	189
Financial assets derecognised	(2,195)	-	-	(2,195)
Exchange differences	(3,358)	-	-	(3,358)
At 31 December 2019	23,297	-	-	23,297

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### 7. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS AND OBLIGATIONS ON FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(i) The financial assets purchased under resale agreements are as follows:

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign Government Treasury Bills		34	687,110	454,685	302,787
Foreign Government Securities		14,475,975	11,975,292	14,396,800	10,964,675
Foreign Government Bonds		3,078,316	724,734	-	-
Foreign Corporate Bonds and Sukuk		-	227,170	-	-
Malaysian Government Securities		-	30,368	-	30,368
		<b>17,554,325</b>	13,644,674	<b>14,851,485</b>	11,297,830
Allowances for impairment losses	(a)	<b>(10,338)</b>	(5,592)	<b>(2,064)</b>	(794)
		<b>17,543,987</b>	13,639,082	<b>14,849,421</b>	11,297,036

(a) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial assets purchased under resale agreements are as follows:

#### As at 31 December 2020

Changes in the financial assets purchased under resale agreements for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- The overall increase in the Group's and the Bank's gross carrying amount for financial assets purchased under resale agreements was mainly contributed by new financial assets purchased which correspondingly increased the ECL allowances.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2020	5,592	-	-	5,592
Net remeasurement of allowances	(158)	-	-	(158)
New financial assets originated or purchased	10,368	-	-	10,368
Financial assets derecognised	(5,450)	-	-	(5,450)
Exchange differences	(14)	-	-	(14)
At 31 December 2020	<b>10,338</b>	-	-	<b>10,338</b>
<b>Bank</b>				
At 1 January 2020	794	-	-	794
Net remeasurement of allowances	4	-	-	4
New financial assets originated or purchased	2,071	-	-	2,071
Financial assets derecognised	(796)	-	-	(796)
Exchange differences	(9)	-	-	(9)
At 31 December 2020	<b>2,064</b>	-	-	<b>2,064</b>

## 7. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS AND OBLIGATIONS ON FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (CONT'D.)

(i) The financial assets purchased under resale agreements are as follows (cont'd.):

(a) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial assets purchased under resale agreements are as follows (cont'd.):

### As at 31 December 2019

Changes in the financial assets purchased under resale agreements for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to the following:

- The overall increase in the Group's gross carrying amount for financial assets purchased under resale agreements was mainly contributed by new financial assets purchased originated which correspondingly increased the ECL allowances.
- The overall increase in the Bank's gross carrying amount for financial assets purchased under resale agreements was mainly contributed by new financial assets purchased originated with low credit risk which correspondingly decreased the ECL allowances.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2019	3,584	-	-	3,584
Net remeasurement of allowances	61	-	-	61
New financial assets originated or purchased	5,244	-	-	5,244
Financial assets derecognised	(3,513)	-	-	(3,513)
Changes in risk parameters	198	-	-	198
Exchange differences	18	-	-	18
At 31 December 2019	5,592	-	-	5,592
<b>Bank</b>				
At 1 January 2019	1,862	-	-	1,862
Net remeasurement of allowances	(1)	-	-	(1)
New financial assets originated or purchased	793	-	-	793
Financial assets derecognised	(1,864)	-	-	(1,864)
Exchange differences	4	-	-	4
At 31 December 2019	794	-	-	794

(ii) The obligations on financial assets sold under repurchase agreements are as follows:

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial investments at fair value through profit or loss	9	671,080	1,437,958	671,080	1,352,212
Financial investments at fair value through other comprehensive income	10(ii)	6,605,599	7,612,378	32,570,632	22,140,872
Financial investments at amortised cost	11(v)	3,854,536	4,928,408	3,680,593	4,799,948
		11,131,215	13,978,744	36,922,305	28,293,032

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### 8. FINANCIAL ASSETS DESIGNATED UPON INITIAL RECOGNITION AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	233,228	161,713	-	-
Malaysian Government Investment Issues	406,583	312,635	-	-
	<b>639,811</b>	474,348	-	-
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants and loan stocks	114,951	109,715	-	-
Unit trusts	3,932	3,932	-	-
<b>Outside Malaysia:</b>				
Shares, warrants and loan stocks	11,270	-	-	-
	<b>130,153</b>	113,647	-	-
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Corporate Bonds and Sukuk	13,008,116	13,627,322	-	-
<b>Outside Malaysia:</b>				
Corporate Bonds and Sukuk	249,951	107,986	-	-
	<b>13,258,067</b>	13,735,308	-	-
<b>Total financial assets designated upon initial recognition at FVTPL</b>	<b>14,028,031</b>	14,323,303	-	-

## 9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	2,464,259	771,484	2,404,369	750,077
Malaysian Government Investment Issues	2,240,840	614,546	2,133,207	216,467
Cagamas Bonds	47,024	-	47,024	-
Negotiable instruments of deposits	120,485	142,811	120,485	142,811
Foreign Government Securities	3,227,160	3,483,519	2,934,336	3,001,984
Malaysian Government Treasury Bills	1,065,724	-	1,065,724	-
Bank Negara Malaysia Bills and Notes	1,656,882	596,545	1,656,882	596,545
Foreign Government Treasury Bills	1,395,379	2,199,436	1,395,379	2,199,436
	<b>12,217,753</b>	<b>7,808,341</b>	<b>11,757,406</b>	<b>6,907,320</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, mutual funds and loan stocks	4,962,630	4,187,256	79,685	78,146
Unit trusts	478,003	159,380	201,260	29,775
<b>Outside Malaysia:</b>				
Shares, warrants, mutual funds and loan stocks	285,720	565,518	116	233
Unit trusts	457,683	385,869	237,644	210,138
Corporate Bonds and Sukuk	1,207,422	1,136,926	-	-
Government Bonds	707,185	104,193	-	-
Government Treasury Bills	668,020	51,310	-	-
	<b>8,766,663</b>	<b>6,590,452</b>	<b>518,705</b>	<b>318,292</b>
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Shares	931,054	816,618	682,508	622,176
Unit trusts	1,928	268	-	-
Corporate Bonds and Sukuk	757,346	564,653	298,648	97,197
Structured deposits	87,737	175,602	-	-
<b>Outside Malaysia:</b>				
Shares	764	1,006	-	-
Mutual funds	16,517	2,279	-	-
Corporate Bonds and Sukuk	3,750,966	1,689,631	4,283,095	2,245,823
Government Bonds	649,118	2,722,015	649,118	2,722,015
	<b>6,195,430</b>	<b>5,972,072</b>	<b>5,913,369</b>	<b>5,687,211</b>
<b>Total financial investments at FVTPL</b>	<b>27,179,846</b>	<b>20,370,865</b>	<b>18,189,480</b>	<b>12,912,823</b>

Included in financial investments at fair value through profit or loss are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign Corporate Bonds and Sukuk	-	200,836	-	115,090
Foreign Government Securities	537,803	1,237,122	537,803	1,237,122
Foreign Government Treasury Bills	133,277	-	133,277	-
Total (Note 7(ii))	<b>671,080</b>	<b>1,437,958</b>	<b>671,080</b>	<b>1,352,212</b>

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## 10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”)

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	13,448,869	11,006,987	13,249,223	10,794,195
Malaysian Government Investment Issues	23,197,246	24,211,583	9,164,855	11,653,233
Negotiable instruments of deposits	150,337	1,682,836	150,337	484,703
Foreign Government Securities	13,088,016	7,872,991	4,535,913	3,830,465
Foreign Government Treasury Bills	16,939,946	16,891,126	4,014,112	3,942,737
Khazanah Bonds	353,303	1,761,446	324,271	1,761,446
Cagamas Bonds	358,627	723,459	358,627	723,459
Bankers' acceptances and Islamic accepted bills	–	139,392	–	139,392
	<b>67,536,344</b>	<b>64,289,820</b>	<b>31,797,338</b>	<b>33,329,630</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants and loan stocks	6,992	7,869	17,836	18,435
<b>Outside Malaysia:</b>				
Shares, warrants and loan stocks	33	1,298	–	–
Corporate Bonds and Sukuk	2,762,299	1,286,663	–	–
Government Bonds	730,155	349,126	–	–
	<b>3,499,479</b>	<b>1,644,956</b>	<b>17,836</b>	<b>18,435</b>
<b>Unquoted securities:</b>				
<b>In Malaysia:</b>				
Shares and loan stocks	336,378	275,668	322,417	259,949
Government Bonds	378,606	109,143	336,714	65,769
Corporate Bonds and Sukuk	23,992,461	27,279,593	15,552,830	19,477,370
<b>Outside Malaysia:</b>				
Shares	2,444	3,735	–	–
Government Bonds	14,660,955	15,999,809	14,524,455	15,899,116
Corporate Bonds and Sukuk	17,096,014	13,748,809	12,982,203	11,748,431
	<b>56,466,858</b>	<b>57,416,757</b>	<b>43,718,619</b>	<b>47,450,635</b>
<b>Total financial investments at FVOCI</b>	<b>127,502,681</b>	<b>123,351,533</b>	<b>75,533,793</b>	<b>80,798,700</b>

- (i) Included in the financial investments at fair value through other comprehensive income are the Malaysian Government Securities and Malaysian Government Investment Issues which have been recognised as part of Statutory Reserve Account (“SRA”) balance amounting to RM185.0 million for the Group (2019: nil) and RM180.0 million for the Bank (2019: nil).
- (ii) Included in financial investments at fair value through other comprehensive income are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian Government Securities	3,011,325	2,054,444	3,011,325	2,054,444
Malaysian Government Investment Issues	2,804,580	3,045,775	6,431,643	3,045,775
Foreign Corporate Bonds and Sukuk	58,660	347,539	4,049,655	2,633,836
Foreign Government Treasury Bills	481,996	554,336	1,885,457	3,898,265
Foreign Government Bonds	85,698	257,662	5,916,289	257,662
Foreign Government Securities	163,340	1,352,622	11,276,263	10,250,890
Total (Note 7(ii))	<b>6,605,599</b>	<b>7,612,378</b>	<b>32,570,632</b>	<b>22,140,872</b>



## 10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (CONT’D.)

(iii) The maturity profile of money market instruments are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within one year	20,233,607	23,875,079	5,494,231	5,703,177
One year to three years	11,243,536	6,046,568	3,998,086	4,357,062
Three years to five years	7,155,360	8,182,439	3,179,047	4,737,364
After five years	28,903,841	26,185,734	19,125,974	18,532,027
	<b>67,536,344</b>	64,289,820	<b>31,797,338</b>	33,329,630

(iv) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows:

### As at 31 December 2020

Changes in the financial investments at fair value through other comprehensive income for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- The increase in the gross carrying amount of Foreign Government Securities and Foreign Corporate Bonds and Sukuk for the Group due to new financial assets purchased contributed to the increase in ECL allowances.
- The decrease in the gross carrying amount of Corporate Bonds and Sukuk for the Bank due to derecognition of financial assets contributed to the decrease in ECL allowances.
- The write-off of Corporate Bonds and Sukuk with a gross carrying amount of RM6.9 million for the Group and the Bank resulted in the reduction of Stage 3 lifetime ECL by the same amount.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2020	23,070	540	118,727	142,337
Transferred to Stage 2	(337)	337	–	–
Net remeasurement of allowances	4,181	965	(534)	4,612
New financial assets originated or purchased	20,856	–	–	20,856
Financial assets derecognised	(10,968)	(81)	(3,357)	(14,406)
Changes in models/risk parameters	(267)	(43)	(659)	(969)
Amount written off	–	–	(6,942)	(6,942)
Exchange differences	(1,716)	–	46	(1,670)
At 31 December 2020	<b>34,819</b>	<b>1,718</b>	<b>107,281</b>	<b>143,818</b>
<b>Bank</b>				
At 1 January 2020	13,472	400	81,877	95,749
Transferred to Stage 2	(58)	58	–	–
Net remeasurement of allowances	611	153	(534)	230
New financial assets originated or purchased	8,420	–	–	8,420
Financial assets derecognised	(5,470)	(73)	(3,345)	(8,888)
Changes in models/risk parameters	(351)	(43)	–	(394)
Amount written off	–	–	(6,942)	(6,942)
Exchange differences	52	–	–	52
At 31 December 2020	<b>16,676</b>	<b>495</b>	<b>71,056</b>	<b>88,227</b>

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### 10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

- (iv) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows (cont'd.):

#### As at 31 December 2019

Changes in the financial investments at fair value through other comprehensive income for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to the following:

- The derecognition of Stage 3 financial assets which correspondingly decreased the ECL allowances for the Group and the Bank.
- The write-off of Foreign Corporate Bonds and Sukuk with a gross carrying amount of RM22.0 million for the Group and RM14.7 million for the Bank resulted in the reduction of Stage 3 lifetime ECL by the same amount.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2019	28,066	1,579	183,330	212,975
Transferred to Stage 1	549	(549)	-	-
Net remeasurement of allowances	(2,319)	(77)	14,523	12,127
New financial assets originated or purchased	13,516	78	-	13,594
Financial assets derecognised	(13,248)	(702)	(57,344)	(71,294)
Changes in models/risk parameters	(2,439)	(330)	-	(2,769)
Amount written off	-	-	(21,958)	(21,958)
Exchange differences	(1,055)	541	176	(338)
At 31 December 2019	23,070	540	118,727	142,337
<b>Bank</b>				
At 1 January 2019	21,652	1,828	125,518	148,998
Transferred to Stage 1	505	(505)	-	-
Net remeasurement of allowances	(490)	-	4,094	3,604
New financial assets originated or purchased	7,979	-	-	7,979
Financial assets derecognised	(11,642)	(593)	(33,084)	(45,319)
Changes in models/risk parameters	(4,043)	(330)	-	(4,373)
Amount written off	-	-	(14,650)	(14,650)
Exchange differences	(489)	-	(1)	(490)
At 31 December 2019	13,472	400	81,877	95,749

The contractual amount outstanding on financial investments at FVOCI that was written off during the financial year, and is still subject to recovery activity is RM6.9 million (2019: RM22.0 million) for the Group and RM6.9 million (2019: RM14.7 million) for the Bank.

- (v) Equity instruments at fair value through other comprehensive income are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Quoted Securities:</b>				
In Malaysia	6,992	7,869	17,836	18,435
Outside Malaysia	33	1,298	-	-
	7,025	9,167	17,836	18,435
<b>Unquoted Securities:</b>				
In Malaysia	336,378	275,668	322,417	259,949
Outside Malaysia	2,444	3,735	-	-
	338,822	279,403	322,417	259,949
	345,847	288,570	340,253	278,384

The Group and the Bank have elected to recognise these equity investments at fair value through other comprehensive income as these investments are held as long term strategic investments that are not expected to be sold in the short term to medium term. Gains or losses on the derecognition of these equity investments are not transferred to profit or loss.

During the financial year, the Group and the Bank disposed equity investments from the financial assets at FVOCI due to the favourable market opportunities. The Group and the Bank recorded cumulative gain on disposal of RM1.1 million (2019: RM10.3 million) and nil (2019: RM10.6 million) respectively.

## 11. FINANCIAL INVESTMENTS AT AMORTISED COST

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Money market instruments:</b>					
Malaysian Government Securities		8,664,711	6,594,595	8,664,609	6,594,491
Malaysian Government Investment Issues		11,456,207	6,695,792	6,867,868	4,852,735
Foreign Government Securities		1,068,622	1,199,287	–	–
Khazanah Bonds		1,073,781	135,277	141,493	135,277
Cagamas Bonds		50,259	50,259	50,259	50,259
		<b>22,313,580</b>	14,675,210	<b>15,724,229</b>	11,632,762
<b>Unquoted securities:</b>					
<b>In Malaysia:</b>					
Corporate Bonds and Sukuk		20,912,781	15,913,839	20,327,704	18,552,529
<b>Outside Malaysia:</b>					
Corporate Bonds and Sukuk		2,925,090	2,745,710	3,965,708	2,478,746
Government Bonds		872,817	1,594,357	114,756	36,304
		<b>24,710,688</b>	20,253,906	<b>24,408,168</b>	21,067,579
Allowances for impairment losses	(iv)	(548,352)	(144,640)	(275,414)	(125,423)
<b>Total financial investments at amortised cost</b>		<b>46,475,916</b>	34,784,476	<b>39,856,983</b>	32,574,918

- (i) Included in financial investments at amortised cost are the Malaysian Government Securities and Malaysian Government Investment Issues which have been recognised as part of Statutory Reserve Account (“SRA”) balance amounting to RM4,795.0 million for the Group (2019: nil) and RM1,950.0 million for the Bank (2019: nil).
- (ii) Indicative fair values of financial investments at amortised cost are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Money market instruments:</b>				
Malaysian Government Securities	9,254,792	6,871,544	9,254,679	6,871,436
Malaysian Government Investment Issues	12,193,602	7,224,386	7,378,270	5,206,477
Foreign Government Securities	1,147,333	1,216,191	–	–
Khazanah Bonds	1,094,527	139,294	145,817	139,294
Cagamas Bonds	52,982	51,776	52,982	51,776
<b>Unquoted securities:</b>				
Corporate Bonds and Sukuk in Malaysia	20,730,715	15,776,285	20,370,143	18,525,871
Corporate Bonds and Sukuk outside Malaysia	2,899,631	2,744,544	3,937,741	2,484,558
Government Bonds outside Malaysia	885,870	1,594,601	127,365	36,302

- (iii) The maturity profile of money market instruments are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within one year	1,257,426	911,221	1,012,447	193,158
One year to three years	2,068,049	1,722,407	734,638	1,507,957
Three years to five years	1,451,903	535,243	461,471	378,227
After five years	17,536,202	11,506,339	13,515,673	9,553,420
	<b>22,313,580</b>	14,675,210	<b>15,724,229</b>	11,632,762

## Notes to the Financial Statements

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### 11. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D.)

- (iv) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at amortised cost are as follows:

#### As at 31 December 2020

Changes in the financial investments at amortised cost for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to following:

- The increase in the gross carrying amount of Corporate Bonds and Sukuk for the Group and the Bank due to new financial assets purchased contributed to the increase in ECL allowances.
- The increase in the ECL for Stage 2 was due to deterioration in credit risk which correspondingly increased the net remeasurement of allowances for the Group and the Bank.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2020	29,061	23,961	91,618	144,640
Transferred to Stage 2	(2,824)	2,824	–	–
Net remeasurement of allowances	19,012	368,573	4,113	391,698
New financial assets originated or purchased	19,667	–	–	19,667
Financial assets derecognised	(7,371)	(103)	–	(7,474)
Changes in models/risk parameters	67	(133)	–	(66)
Exchange differences	(34)	(79)	–	(113)
At 31 December 2020	57,578	395,043	95,731	548,352
<b>Bank</b>				
At 1 January 2020	9,978	23,827	91,618	125,423
Transferred to Stage 2	(945)	945	–	–
Net remeasurement of allowances	2,226	139,154	4,113	145,493
New financial assets originated or purchased	8,308	–	–	8,308
Financial assets derecognised	(3,461)	(103)	–	(3,564)
Changes in models/risk parameters	(6)	(133)	–	(139)
Exchange differences	(23)	(84)	–	(107)
At 31 December 2020	16,077	163,606	95,731	275,414

## 11. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D.)

- (iv) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at amortised cost are as follows (cont'd.):

### As at 31 December 2019

Changes in the financial investments at amortised cost for the Group and the Bank that contributed to changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to following:

- The increase in the gross carrying amount of Corporate Bonds and Sukuk for the Group and the Bank due to new financial assets purchased contributed to the increase in ECL allowances.
- The increase in the ECL for Stage 3 was due to deterioration in credit risk which correspondingly increased the net remeasurement of allowances for the Group and the Bank.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2019	19,469	42,189	55,240	116,898
Transferred to Stage 1	13,475	(13,475)	-	-
Net remeasurement of allowances	(16,147)	27	36,378	20,258
New financial assets originated or purchased	20,691	-	-	20,691
Financial assets derecognised	(4,322)	(64)	-	(4,386)
Changes in models/risk parameters	(3,900)	(4,721)	-	(8,621)
Exchange differences	(205)	5	-	(200)
At 31 December 2019	29,061	23,961	91,618	144,640
<b>Bank</b>				
At 1 January 2019	11,316	32,734	55,240	99,290
Transferred to Stage 1	4,122	(4,122)	-	-
Net remeasurement of allowances	(3,986)	-	36,378	32,392
New financial assets originated or purchased	4,433	-	-	4,433
Financial assets derecognised	(2,480)	(64)	-	(2,544)
Changes in models/risk parameters	(3,448)	(4,721)	-	(8,169)
Exchange differences	21	-	-	21
At 31 December 2019	9,978	23,827	91,618	125,423

- (v) Included in financial investments at amortised cost are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian Government Securities	1,568,083	2,351,141	1,568,083	2,351,141
Malaysian Government Investment Issues	567,593	873,403	567,593	873,403
Foreign Corporate Bonds and Sukuk	1,718,860	1,703,864	1,544,917	1,575,404
Total (Note 7(ii))	3,854,536	4,928,408	3,680,593	4,799,948

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### 12. LOANS, ADVANCES AND FINANCING

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans, advances and financing to financial institutions	(i)	899,986	1,128,618	30,042,986	19,400,239
Loans, advances and financing to customers	(ii)	511,310,107	512,291,092	199,881,476	207,188,981
Net loans, advances and financing		512,210,093	513,419,710	229,924,462	226,589,220

(i) Loans, advances and financing to financial institutions<sup>^</sup>:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gross loans, advances and financing to financial institutions at amortised cost	906,576	1,140,538	30,490,995	19,665,356
Allowances for loans, advances and financing:				
– Stage 1 – 12-month ECL	(6,223)	(11,920)	(21,722)	(18,657)
– Stage 2 – Lifetime ECL not credit impaired	(367)	–	(17,223)	(5,530)
– Stage 3 – Lifetime ECL credit impaired	–	–	(409,064)	(240,930)
Net loans, advances and financing to financial institutions	899,986	1,128,618	30,042,986	19,400,239

<sup>^</sup> Included in the Bank's loans/financing to financial institutions is financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank, under a government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME lending amounting to RM945.9 million, and under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM28,997.4 million net of expected credit losses (31 December 2019: RM19,307.9 million). The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the Bank acts as the investor who solely provides capital to MIB whereas the business venture is managed solely by MIB as an entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses, if any, are borne by the Bank.

(ii) Loans, advances and financing to customers:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(A) Loans, advances and financing to customers at FVTPL	170,712	401,703	170,712	401,703
(B) Loans, advances and financing to customers at FVOCI	16,031,857	11,821,285	13,290,590	11,380,901
(C) Loans, advances and financing to customers at amortised cost	593,837,430	601,389,303	193,755,229	202,771,305
	610,039,999	613,612,291	207,216,531	214,553,909
Unearned interest and income	(87,222,999)	(91,265,351)	(1,139,318)	(1,559,752)
Gross loans, advances and financing to customers	522,817,000	522,346,940	206,077,213	212,994,157
Allowances for loans, advances and financing:				
– Stage 1 – 12-month ECL	(1,994,831)	(1,423,097)	(856,954)	(507,155)
– Stage 2 – Lifetime ECL not credit impaired	(3,376,730)	(1,865,171)	(1,705,204)	(869,858)
– Stage 3 – Lifetime ECL credit impaired	(6,135,332)	(6,767,580)	(3,633,579)	(4,428,163)
Net loans, advances and financing to customers	511,310,107	512,291,092	199,881,476	207,188,981
Net loans, advances and financing	512,210,093	513,419,710	229,924,462	226,589,220

## 12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(iii) Loans, advances and financing to financial institutions and customers:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans/financing to financial institutions (Note 12(i))	906,576	1,140,538	30,490,995	19,665,356
Overdrafts/cashline	19,065,309	21,524,681	7,481,675	8,068,447
Term loans:				
– Housing loans/financing	174,145,515	165,058,688	43,022,417	39,773,201
– Syndicated loans/financing	50,214,403	52,154,119	40,563,771	41,710,800
– Hire purchase receivables*	75,607,626	77,170,795	13,009,452	14,770,104
– Lease receivables	521,253	445,288	–	–
– Other loans/financing	207,218,162	206,219,952	61,901,874	63,244,663
Credit card receivables	8,664,565	9,703,036	5,652,016	6,338,893
Bills receivables	2,718,711	3,312,082	2,189,748	2,470,458
Trust receipts	2,716,310	4,527,077	2,189,538	3,477,743
Claims on customers under acceptance credits	9,302,357	11,086,391	4,259,393	5,294,619
Revolving credits	49,360,283	52,824,052	24,244,977	26,897,897
Share margin financing	5,960,978	5,919,340	2,135,038	1,981,958
Staff loans	3,721,072	3,516,628	565,441	523,526
Loans to:				
– Directors of the Bank	4,489	8,154	1,120	1,399
– Directors of subsidiaries	5,954	3,795	69	170
Others	813,012	138,213	2	31
	610,946,575	614,752,829	237,707,526	234,219,265
Unearned interest and income	(87,222,999)	(91,265,351)	(1,139,318)	(1,559,752)
Gross loans, advances and financing	523,723,576	523,487,478	236,568,208	232,659,513
Allowances for loans, advances and financing:				
– Stage 1 – 12-month ECL	(2,001,054)	(1,435,017)	(878,676)	(525,812)
– Stage 2 – Lifetime ECL not credit impaired	(3,377,097)	(1,865,171)	(1,722,427)	(875,388)
– Stage 3 – Lifetime ECL credit impaired	(6,135,332)	(6,767,580)	(4,042,643)	(4,669,093)
Net loans, advances and financing	512,210,093	513,419,710	229,924,462	226,589,220

\* The hire purchase receivables of a subsidiary of RM1,254,276,000 (2019: RM2,191,557,000) are pledged as collateral to a secured borrowing as disclosed in Note 31(a).

(iv) Loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Domestic banking institutions	901,894	1,139,626	30,490,995	19,669,557
Domestic non-banking financial institutions	18,364,255	21,893,187	13,654,089	14,657,649
Domestic business enterprises:				
– Small and medium enterprises	61,403,405	54,841,634	25,363,794	24,496,469
– Others	116,540,316	133,017,413	64,623,343	73,796,567
Government and statutory bodies	16,260,952	14,381,320	116,564	128,131
Individuals	262,645,679	250,614,985	66,284,495	64,254,229
Other domestic entities	11,961,524	12,719,297	2,778,440	3,125,275
Foreign entities	35,645,551	34,880,016	33,256,488	32,531,636
Gross loans, advances and financing	523,723,576	523,487,478	236,568,208	232,659,513

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### 12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(v) Loans, advances and financing analysed by geographical locations are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	326,828,279	316,953,176	152,682,615	143,871,310
Singapore	122,904,956	125,228,021	52,187,746	56,076,155
Indonesia	31,151,046	37,688,031	–	–
Labuan Offshore	14,486,857	14,842,983	14,486,857	14,842,983
Hong Kong SAR	11,673,338	10,027,775	10,698,916	9,767,276
United States of America	810,455	1,291,202	809,890	1,290,625
People's Republic of China	2,943,282	4,055,036	2,943,282	4,055,036
Vietnam	1,257,994	1,218,454	921,657	908,484
United Kingdom	1,033,429	940,422	1,033,429	940,376
Brunei	533,429	583,433	533,429	583,433
Cambodia	3,138,433	2,826,629	–	–
Philippines	5,153,819	5,903,119	–	–
Thailand	1,537,872	1,605,362	–	–
Laos	68,927	82,097	68,927	82,097
Myanmar	201,460	241,738	201,460	241,738
Gross loans, advances and financing	523,723,576	523,487,478	236,568,208	232,659,513

(vi) Loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate:				
– Housing loans/financing	21,686,920	17,282,242	439,894	404,442
– Hire purchase receivables	58,098,807	67,528,995	11,043,302	13,146,631
– Other fixed rate loans/financing	68,698,013	62,192,300	51,067,697	43,602,330
	148,483,740	147,003,537	62,550,893	57,153,403
Variable rate:				
– Base lending/financing rate/base rate plus	206,192,623	207,219,598	75,789,317	77,368,532
– Cost plus	57,502,327	61,639,026	43,262,247	46,888,315
– Other variable rates	111,544,886	107,625,317	54,965,751	51,249,263
	375,239,836	376,483,941	174,017,315	175,506,110
Gross loans, advances and financing	523,723,576	523,487,478	236,568,208	232,659,513



## 12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(vii) Loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Purchase of securities	36,337,689	35,999,387	7,199,018	7,572,559
Purchase of transport vehicles	68,521,829	68,239,626	10,932,965	11,861,216
Purchase of landed properties:				
– Residential	134,192,016	122,875,200	41,585,622	38,615,665
– Non-residential	40,258,823	40,553,322	17,448,919	18,604,350
Purchase of fixed assets (excluding landed properties)	3,522,105	4,163,699	2,838,799	3,524,042
Personal use	11,533,431	10,889,877	4,476,932	4,453,122
Credit card	8,701,661	9,745,404	5,654,347	6,339,202
Purchase of consumer durables	9,715	9,893	9,369	9,667
Constructions	16,482,318	17,381,155	9,061,197	10,356,794
Mergers and acquisitions	1,467,097	1,676,999	1,460,384	1,650,184
Working capital	163,786,319	168,019,588	105,602,857	95,481,470
Others	38,910,573	43,933,328	30,297,799	34,191,242
Gross loans, advances and financing	523,723,576	523,487,478	236,568,208	232,659,513

(viii) The maturity profile of loans, advances and financing are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within one year	115,325,443	128,277,526	67,488,355	69,137,959
One year to three years	55,128,115	62,079,218	40,521,401	46,877,075
Three years to five years	52,964,359	55,292,098	24,256,065	29,273,506
After five years	300,305,659	277,838,636	104,302,387	87,370,973
Gross loans, advances and financing	523,723,576	523,487,478	236,568,208	232,659,513

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### 12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(ix) Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	13,857,936	12,486,421	8,825,195	8,054,989
Impaired during the financial year	3,899,391	5,994,345	1,398,869	3,386,932
Reclassified as non-impaired	(1,126,502)	(1,113,466)	(330,357)	(616,982)
Amount recovered	(1,766,812)	(2,090,434)	(760,065)	(1,529,147)
Amount written off	(3,485,303)	(1,917,090)	(2,311,501)	(848,945)
Exchange differences	295,781	498,160	298,157	378,348
Gross impaired loans at 31 December	11,674,491	13,857,936	7,120,298	8,825,195
Less: Stage 3 – Lifetime ECL credit impaired	(6,208,777)	(7,184,821)	(4,116,088)	(5,086,334)
Net impaired loans at 31 December	5,465,714	6,673,115	3,004,210	3,738,861
<u>Calculation of ratio of net impaired loans:</u>				
Gross impaired loans at 31 December (excluding financing funded by Investment Account*)	11,586,572	13,733,600	7,120,298	8,825,195
Less: Stage 3 – Lifetime ECL credit impaired	(6,208,777)	(7,184,821)	(4,116,088)	(5,086,334)
Net impaired loans	5,377,795	6,548,779	3,004,210	3,738,861
Gross loans, advances and financing	523,723,576	523,487,478	236,568,208	232,659,513
Less: Funded by Investment Accounts*	(23,840,796)	(20,737,670)	–	–
Less: Allowances for impaired loans, advances and financing at FVOCI and at amortised cost	(12,404,277)	(10,714,146)	(7,530,386)	(6,713,770)
Net loans, advances and financing	487,478,503	492,035,662	229,037,822	225,945,743
Ratio of net impaired loans	1.10%	1.33%	1.31%	1.65%

\* In the books of Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank.

(x) Impaired loans, advances and financing by economic purpose are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Purchase of securities	144,436	171,743	16,428	112,956
Purchase of transport vehicles	543,608	435,278	94,880	95,373
Purchase of landed properties:				
– Residential	1,178,937	998,683	375,072	328,128
– Non-residential	515,602	555,679	214,484	235,716
Purchase of fixed assets (excluding landed properties)	1,427,124	1,766,064	1,413,945	1,708,703
Personal use	257,705	235,194	162,320	148,998
Credit card	65,846	73,700	24,064	33,377
Purchase of consumer durables	6,659	6,444	6,657	6,441
Constructions	950,179	1,789,711	859,978	1,486,400
Working capital	5,606,863	5,968,016	3,220,169	3,046,550
Others	977,532	1,857,424	732,301	1,622,553
Gross impaired loans, advances and financing	11,674,491	13,857,936	7,120,298	8,825,195

## 12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(xi) Impaired loans, advances and financing by geographical distribution are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	5,063,672	6,242,161	3,191,060	3,713,462
Singapore	3,834,761	4,802,502	3,258,461	4,246,554
Indonesia	1,567,942	1,678,934	-	-
Labuan Offshore	70,755	201,848	70,755	201,848
Hong Kong SAR	132,863	69,016	124,744	60,782
United States of America	209,065	217,606	208,498	217,030
People's Republic of China	162,307	257,080	162,307	257,080
Vietnam	39,781	57,195	39,193	56,016
Brunei	64,419	70,067	64,419	70,067
Cambodia	67,493	59,753	-	-
Philippines	416,341	163,996	-	-
Thailand	34,487	35,422	-	-
Laos	861	2,356	861	2,356
Others	9,744	-	-	-
Gross impaired loans, advances and financing	11,674,491	13,857,936	7,120,298	8,825,195

(xii) Analysis of changes in gross carrying amount and the corresponding allowances for loans, advances and financing are as follows:

### As at 31 December 2020

Changes in the gross carrying amount of loans, advances and financing carried at fair value through other comprehensive income and amortised cost for the Group and the Bank that contributed to the changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- Given the disruptive impact of the COVID-19 pandemic, the Group and the Bank experienced softer loan/financing growth during the financial year. Gross carrying amount decreased mainly due to the decrease in revolving credits, syndicated loans/financing and hire purchase receivables by 7%, 4% and 2% respectively.
- However, the decrease was mitigated by an increase in housing loans/financing by 6%. Additionally, a government financing scheme was granted to MIB as part of the government support measures in response to COVID-19 pandemic for the purpose of SME lending. This has increased the loans/financing to financial institutions for the Bank by RM945.9 million and the RPSIA by RM9,689.5 million (net of expected credit losses) during the financial year.
- Consistent with industry guidance, the Group and the Bank have introduced a number of support measures for borrowers/customers impacted by COVID-19, including the deferral of payments for retail and non-retail borrowers/customers for an initial period of up to six months. This has resulted in day-one modification loss to contractual cash flows recognised by the Group and the Bank amounting to RM962.9 million and RM248.5 million respectively.
- Despite lower growth in gross carrying amount, the ECL for Stage 1 (12-month ECL) and Stage 2 (lifetime ECL not credit impaired) increased primarily due to forward-looking provision as a result of COVID-19.
- The gross carrying amount of loans, advances and financing that was written off during the financial year, which is still subject to recovery activity for the Group and the Bank were RM3,485.3 million (2019: RM1,917.1 million) and RM2,311.5 million (2019: RM848.9 million) respectively. This has resulted in the reduction of Stage 3 lifetime ECL credit impaired by the same amount.

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## 12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(xii) Analysis of changes in gross carrying amount and the corresponding allowances for loans, advances and financing are as follows (cont'd.):

As at 31 December 2020 (cont'd.)

At fair value through other comprehensive income

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2020	29,184	199,953	417,241	646,378
Transferred to Stage 2	(3,949)	3,949	–	–
Net remeasurement of allowances	(640)	318,891	366,674	684,925
New financial assets originated or purchased	30,411	259,336	–	289,747
Financial assets derecognised	(15,259)	(3,792)	(243,679)	(262,730)
Changes in models/risk parameters	1,833	116	–	1,949
Amount written off	–	–	(466,034)	(466,034)
Exchange differences	(799)	(1,885)	(757)	(3,441)
At 31 December 2020	40,781	776,568	73,445	890,794
<b>Bank</b>				
At 1 January 2020	28,662	197,574	417,241	643,477
Transferred to Stage 2	(3,949)	3,949	–	–
Net remeasurement of allowances	(640)	318,891	366,674	684,925
New financial assets originated or purchased	29,375	259,336	–	288,711
Financial assets derecognised	(15,259)	(3,792)	(243,679)	(262,730)
Changes in models/risk parameters	1,732	–	–	1,732
Amount written off	–	–	(466,034)	(466,034)
Exchange differences	(799)	(1,885)	(757)	(3,441)
At 31 December 2020	39,122	774,073	73,445	886,640

At amortised cost

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2020	1,435,017	1,865,171	6,767,580	10,067,768
Transferred to Stage 1	449,149	(415,653)	(33,496)	–
Transferred to Stage 2	(78,599)	321,206	(242,607)	–
Transferred to Stage 3	(12,437)	(328,277)	340,714	–
Net remeasurement of allowances	177,035	1,915,961	3,429,617	5,522,613
New financial assets originated or purchased	590,062	432,554	–	1,022,616
Financial assets derecognised	(404,938)	(418,549)	(1,010,020)	(1,833,507)
Changes in models/risk parameters	(144,167)	37,124	3,980	(103,063)
Amount related to RPSIA	–	–	(48,424)	(48,424)
Amount written off	–	–	(3,019,269)	(3,019,269)
Exchange differences	(10,068)	(32,440)	(52,743)	(95,251)
At 31 December 2020	2,001,054	3,377,097	6,135,332	11,513,483
<b>Bank</b>				
At 1 January 2020	525,812	875,388	4,669,093	6,070,293
Transferred to Stage 1	166,049	(156,329)	(9,720)	–
Transferred to Stage 2	(38,511)	74,309	(35,798)	–
Transferred to Stage 3	(8,007)	(183,947)	191,954	–
Net remeasurement of allowances	186,733	1,143,203	1,831,599	3,161,535
New financial assets originated or purchased	320,032	222,242	–	542,274
Financial assets derecognised	(238,886)	(233,783)	(764,113)	(1,236,782)
Changes in models/risk parameters	(27,043)	8,211	–	(18,832)
Amount written off	–	–	(1,845,467)	(1,845,467)
Exchange differences	(7,503)	(26,867)	5,095	(29,275)
At 31 December 2020	878,676	1,722,427	4,042,643	6,643,746

## 12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(xii) Analysis of changes in gross carrying amount and the corresponding allowances for loans, advances and financing are as follows (cont'd.):

### As at 31 December 2019

Changes in the gross carrying amount of loans, advances and financing carried at fair value through other comprehensive income and amortised cost for the Group and the Bank that contributed to the changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to the following:

- The high volume of syndicated loans/financing and housing loans/financing originated, increased the gross carrying amount by 13% and 4% respectively which correspondingly increased the ECL allowances.
- However, there was a reduction in revolving credits and other term loans/financing by 6% and 4% respectively which resulted in a decrease in ECL allowances.
- The write-off of loans/financing with a total carrying amount of RM1,917.1 million for the Group and RM848.9 million for the Bank resulted in the reduction of Stage 3 lifetime ECL credit impaired by the same amount.

### At fair value through other comprehensive income

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2019	27,160	4,650	153,284	185,094
Net remeasurement of allowances	(4,375)	194,243	263,339	453,207
New financial assets originated or purchased	17,637	3,130	-	20,767
Financial assets derecognised	(10,068)	(849)	-	(10,917)
Changes in models/risk parameters	(1,230)	(1,422)	-	(2,652)
Exchange differences	60	201	618	879
At 31 December 2019	29,184	199,953	417,241	646,378
<b>Bank</b>				
At 1 January 2019	25,761	849	153,284	179,894
Net remeasurement of allowances	(4,375)	194,243	263,339	453,207
New financial assets originated or purchased	17,637	3,130	-	20,767
Financial assets derecognised	(10,068)	(849)	-	(10,917)
Changes in models/risk parameters	(353)	-	-	(353)
Exchange differences	60	201	618	879
At 31 December 2019	28,662	197,574	417,241	643,477

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### 12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(xii) Analysis of changes in gross carrying amount and the corresponding allowances for loans, advances and financing are as follows (cont'd.):

**As at 31 December 2019 (cont'd.)**

**At amortised cost**

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2019	1,654,941	2,518,274	6,076,703	10,249,918
Transferred to Stage 1	640,451	(568,533)	(71,918)	–
Transferred to Stage 2	(190,386)	522,673	(332,287)	–
Transferred to Stage 3	(13,606)	(196,682)	210,288	–
Net remeasurement of allowances	(619,476)	(113,180)	4,015,889	3,283,233
New financial assets originated or purchased	623,306	395,129	–	1,018,435
Financial assets derecognised	(460,591)	(452,640)	(976,661)	(1,889,892)
Changes in models/risk parameters	(319,628)	(334,471)	1,683	(652,416)
Amount related to RPSIA	–	–	(2,129)	(2,129)
Amount written off	–	–	(1,917,089)	(1,917,089)
Exchange differences	120,006	94,601	(236,899)	(22,292)
At 31 December 2019	1,435,017	1,865,171	6,767,580	10,067,768
<b>Bank</b>				
At 1 January 2019	657,197	1,225,026	3,920,974	5,803,197
Transferred to Stage 1	325,172	(273,884)	(51,288)	–
Transferred to Stage 2	(140,785)	296,831	(156,046)	–
Transferred to Stage 3	(4,258)	(98,622)	102,880	–
Net remeasurement of allowances	(192,899)	(108,484)	2,426,750	2,125,367
New financial assets originated or purchased	284,253	191,883	–	476,136
Financial assets derecognised	(271,910)	(169,186)	(702,745)	(1,143,841)
Changes in models/risk parameters	(128,617)	(185,213)	–	(313,830)
Amount written off	–	–	(848,945)	(848,945)
Exchange differences	(2,341)	(2,963)	(22,487)	(27,791)
At 31 December 2019	525,812	875,388	4,669,093	6,070,293

The gross carrying amount of loans, advances and financing that was written-off during the financial year, which is still subject to recovery activity for the Group and the Bank were RM3,019.3 million (2019: RM1,917.1 million) and RM1,845.5 million (2019: RM848.9 million) respectively.

**13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING**

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the reporting date and do not represent amounts at risk.

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

	Group			Bank		
	Principal Amount RM'000	Fair Values Assets RM'000	Fair Values Liabilities RM'000	Principal Amount RM'000	Fair Values Assets RM'000	Fair Values Liabilities RM'000
<b>2020</b>						
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
– Less than one year	41,389,068	237,115	(680,895)	28,410,818	186,133	(595,247)
– One year to three years	1,280,097	57,707	(51,623)	1,156,198	57,707	(51,623)
– More than three years	3,824,022	18,398	(114,482)	2,811,973	18,399	(114,482)
	46,493,187	313,220	(847,000)	32,378,989	262,239	(761,352)
Currency swaps:						
– Less than one year	481,879,831	4,494,746	(4,498,757)	496,973,717	4,659,177	(4,491,525)
– One year to three years	320,901	–	(32)	320,901	–	(32)
	482,200,732	4,494,746	(4,498,789)	497,294,618	4,659,177	(4,491,557)
Currency spots:						
– Less than one year	3,080,992	22,698	(11,278)	3,126,492	12,349	(11,070)
Currency options:						
– Less than one year	6,254,401	51,265	(52,737)	6,282,615	51,198	(52,690)
– One year to three years	993,461	39,997	(104,402)	1,716,514	39,997	(75,716)
	7,247,862	91,262	(157,139)	7,999,129	91,195	(128,406)
Cross currency interest rate swaps <sup>1</sup> :						
– Less than one year	8,209,260	238,581	(254,225)	7,683,621	226,756	(244,675)
– One year to three years	15,768,295	382,221	(425,017)	14,460,192	324,557	(410,212)
– More than three years	9,639,761	435,795	(274,694)	9,346,721	414,137	(274,433)
	33,617,316	1,056,597	(953,936)	31,490,534	965,450	(929,320)
<u>Interest rate related contracts</u>						
Interest rate swaps <sup>2</sup> :						
– Less than one year	162,613,631	862,776	(864,853)	162,628,000	860,387	(862,676)
– One year to three years	123,186,294	1,294,699	(1,989,367)	123,489,360	1,286,580	(1,984,052)
– More than three years	193,156,912	9,172,516	(7,253,272)	193,276,425	9,132,520	(7,250,276)
	478,956,837	11,329,991	(10,107,492)	479,393,785	11,279,487	(10,097,004)
Interest rate futures:						
– Less than one year	23,722,391	1,690,975	(1,654,652)	23,079,665	1,690,975	(1,653,793)
Interest rate options:						
– Less than one year	25,246	–	(111)	25,246	–	(111)
– One year to three years	3,010,667	32,306	(5,325)	3,010,667	32,306	(5,325)
– More than three years	10,603,809	1,523,065	(1,947,716)	10,603,809	1,523,065	(1,947,716)
	13,639,722	1,555,371	(1,953,152)	13,639,722	1,555,371	(1,953,152)

## Notes to the Financial Statements

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## 13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	Fair Values Assets RM'000	Fair Values Liabilities RM'000	Principal Amount RM'000	Fair Values Assets RM'000	Fair Values Liabilities RM'000
<b>2020 (cont'd.)</b>						
<b>Trading derivatives (cont'd.)</b>						
<u>Equity related contracts</u>						
Index futures:						
– Less than one year	73,109	120,534	(125,544)	73,109	120,534	(125,544)
Equity options:						
– Less than one year	2,942,526	117,408	(193,832)	–	–	–
Equity swaps:						
– Less than one year	1,011,998	52,657	(97,826)	70,590	1,113	(8,670)
<u>Commodity related contracts</u>						
Commodity options:						
– Less than one year	40,721	6,760	(6,760)	40,721	6,760	(6,760)
– One year to three years	2,600	333	(333)	2,600	333	(333)
	43,321	7,093	(7,093)	43,321	7,093	(7,093)
Commodity swaps:						
– Less than one year	1,315,289	53,041	(52,862)	1,315,289	53,041	(52,862)
– One year to three years	62,790	8,068	(7,381)	62,790	8,068	(7,381)
	1,378,079	61,109	(60,243)	1,378,079	61,109	(60,243)
<u>Credit related contracts</u>						
Credit default swaps:						
– Less than one year	75,360	334	(21)	75,360	334	(21)
<b>Hedging derivatives</b>						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps <sup>1</sup> :						
– Less than one year	3,245,762	193,317	–	3,245,762	193,317	–
– One year to three years	3,845,728	220,833	(19,124)	3,845,728	220,833	(19,124)
– More than three years	1,666,663	72,919	(30,430)	1,666,663	72,919	(30,430)
	8,758,153	487,069	(49,554)	8,758,153	487,069	(49,554)
<u>Interest rate related contracts</u>						
Interest rate swaps <sup>2</sup> :						
– One year to three years	682,890	10,671	(5,314)	682,890	10,671	(5,314)
– More than three years	381,615	67,336	–	381,615	67,336	–
	1,064,505	78,007	(5,314)	1,064,505	78,007	(5,314)
Netting effects for reporting under MFRS 132	–	(1,571,114)	1,571,114	–	(1,557,700)	1,557,700
<b>Total</b>	<b>1,104,306,090</b>	<b>19,907,957</b>	<b>(19,151,751)</b>	<b>1,099,866,051</b>	<b>19,713,802</b>	<b>(18,724,393)</b>



### 13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	Fair Values Assets Liabilities RM'000 RM'000		Principal Amount RM'000	Fair Values Assets Liabilities RM'000 RM'000	
<b>2019</b>						
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	40,509,373	224,854	(454,372)	31,547,237	174,105	(352,547)
- One year to three years	1,174,117	38,192	(8,663)	1,150,063	38,192	(8,629)
- More than three years	2,996,670	26,232	(8,574)	2,097,628	26,232	(8,574)
	44,680,160	289,278	(471,609)	34,794,928	238,529	(369,750)
Currency swaps:						
- Less than one year	476,000,259	1,920,529	(2,508,702)	477,344,903	1,893,595	(2,490,262)
- One year to three years	74,050	634	(16,794)	198,581	634	(16,794)
	476,074,309	1,921,163	(2,525,496)	477,543,484	1,894,229	(2,507,056)
Currency spots:						
- Less than one year	3,074,983	6,789	(4,723)	3,262,450	5,903	(3,591)
Currency options:						
- Less than one year	7,486,564	32,281	(29,322)	7,572,136	30,006	(25,331)
- One year to three years	51,994	98	(1,534)	51,994	98	(1,534)
- More than three years	737,491	36,139	(92,408)	1,269,140	36,139	(65,636)
	8,276,049	68,518	(123,264)	8,893,270	66,243	(92,501)
Cross currency interest rate swaps <sup>1</sup> :						
- Less than one year	7,604,961	153,304	(134,220)	7,020,435	136,052	(129,243)
- One year to three years	14,573,402	305,702	(329,482)	13,443,872	280,202	(313,939)
- More than three years	11,846,838	324,709	(305,569)	11,545,471	312,890	(304,125)
	34,025,201	783,715	(769,271)	32,009,778	729,144	(747,307)
<u>Interest rate related contracts</u>						
Interest rate swaps <sup>2</sup> :						
- Less than one year	59,663,847	153,176	(83,901)	59,700,573	148,680	(79,536)
- One year to three years	149,222,782	934,892	(1,459,208)	149,583,978	905,694	(1,432,256)
- More than three years	174,665,541	4,238,207	(3,576,715)	174,818,915	4,164,128	(3,538,435)
	383,552,170	5,326,275	(5,119,824)	384,103,466	5,218,502	(5,050,227)
Interest rate futures:						
- Less than one year	17,475,211	1,172,233	(1,168,999)	16,737,500	1,171,806	(1,168,999)
- One year to three years	2,169,952	117	(13)	2,047,000	-	(13)
	19,645,163	1,172,350	(1,169,012)	18,784,500	1,171,806	(1,169,012)
Interest rate options:						
- Less than one year	1,062,594	47	(36)	1,062,594	47	(36)
- One year to three years	3,224,692	32,159	(18,402)	4,652,313	16,243	(2,358)
- More than three years	14,238,061	1,127,772	(1,333,780)	12,810,441	1,110,432	(1,316,301)
	18,525,347	1,159,978	(1,352,218)	18,525,348	1,126,722	(1,318,695)

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## 13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	Fair Values		Principal Amount RM'000	Fair Values	
2019 (cont'd.)		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives (cont'd.)</b>						
<u>Equity related contracts</u>						
Equity options:						
– Less than one year	1,350,976	36,251	(233,065)	–	–	–
Equity swaps:						
– Less than one year	901,055	37,547	(92,031)	84,756	8,663	–
<u>Commodity related contracts</u>						
Commodity options:						
– Less than one year	1,218,245	36,920	(36,920)	1,218,245	36,920	(36,920)
– One year to three years	57,225	1,261	(1,261)	57,225	1,261	(1,261)
	1,275,470	38,181	(38,181)	1,275,470	38,181	(38,181)
Commodity swaps:						
– Less than one year	605,062	43,348	(42,257)	605,062	43,348	(42,257)
– One year to three years	1,202,946	40,258	(38,351)	1,202,946	40,258	(38,351)
	1,808,008	83,606	(80,608)	1,808,008	83,606	(80,608)
<u>Credit related contracts</u>						
Credit default swaps:						
– Less than one year	63,690	32	(901)	63,690	32	(901)
<b>Hedging derivatives</b>						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps <sup>1</sup> :						
– Less than one year	3,561,539	159,019	(8,117)	3,561,539	159,019	(8,117)
– One year to three years	3,468,512	28,801	(48,776)	3,468,512	28,801	(48,776)
– More than three years	1,886,744	48,033	(6,974)	1,886,744	48,033	(6,974)
	8,916,795	235,853	(63,867)	8,916,795	235,853	(63,867)
<u>Interest rate related contracts</u>						
Interest rate swaps <sup>2</sup> :						
– Less than one year	237,113	–	(152)	–	–	–
– One year to three years	614,100	2,764	(1,374)	614,100	2,764	(1,374)
– More than three years	388,930	36,618	–	388,930	36,618	–
	1,240,143	39,382	(1,526)	1,003,030	39,382	(1,374)
Netting effects for reporting under MFRS 132	–	(863,289)	863,289	–	(854,792)	854,792
<b>Total</b>	<b>1,003,409,519</b>	<b>10,335,629</b>	<b>(11,182,307)</b>	<b>991,068,973</b>	<b>10,002,003</b>	<b>(10,588,278)</b>

<sup>1</sup> The contractual notional amount of cross currency interest rate swaps held for hedging which is based on IBOR is RM5,554.6 million (2019: RM6,648.6 million) for the Group and the Bank.

<sup>2</sup> The contractual notional amount of interest rate swaps held for hedging which is based on IBOR is RM482.0 million (2019: RM409.4 million) for the Group and the Bank.

### 13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

#### Fair value hedge

Included within hedging derivatives are derivatives where the Group and the Bank have used to apply hedge accounting.

Fair value hedge is used by the Group and the Bank to protect against changes in the fair value of financial assets and financial liabilities due to movements in interest rates. The financial instruments hedged for interest rate risk include the Group's and the Bank's borrowings and loans, advances and financing.

For the financial year ended 31 December 2020, the Group and the Bank recognised the following net gain/(loss):

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gain on the hedging instruments	72,112	33,178	72,112	33,178
Loss on the hedged items attributable to the hedged risk	(32,451)	(41,329)	(32,451)	(41,329)

#### Net investment hedge

The Group has designated net investment hedge for borrowings amounting to USD0.05 billion (2019: USD0.05 billion) or Ringgit Malaysia equivalent of RM0.2 billion (2019: RM0.2 billion) which were used to fund investment in subsidiaries.

The effectiveness of the hedging relationship is tested prospectively and retrospectively at each reporting date by comparing the cumulative value changes of hedging instruments and hedged items. The hedging relationship was highly effective for the total hedging period and as of the reporting date. Resultantly, the unrealised gain totalling RM2,922,000 (net of tax) (2019: RM1,556,000) from the hedging relationship as disclosed in Note 36 was recognised through other comprehensive income.

#### Cash flow hedge

The Group used an interest rate swap to manage the variability in future cash flows on a liability with floating rates of interest by exchanging the floating rates for fixed rates. The amount and timing of future cash flows, representing both principal and interest flows, are projected on the basis of their contractual terms and other relevant factors. The aggregate principal balance and interest cash flows over time form the basis for identifying gains and losses on the effective portion of derivatives designated as cash flow hedges of forecast transactions.

The hedging relationship was effective and all underlying hedge cash flows have matured during current financial year ended 31 December 2020. As such, nil recorded for the financial year ended 31 December 2020 as compared to unrealised loss of SGD142,000 (Ringgit Malaysia equivalent of RM433,000) for the previous financial year ended 31 December 2019 from the hedging relationship as disclosed in Note 36 was recognised through other comprehensive income.

### 14. REINSURANCE/RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES

Group	Note	2020 RM'000	2019 RM'000
Reinsurance/retakaful assets (Note 26)	(i)	5,045,832	3,550,665
Other insurance receivables	(ii)	732,749	681,424
		5,778,581	4,232,089

#### (i) Reinsurance/retakaful assets

Group	Note	2020 RM'000	2019 RM'000
Reinsurers' share of:		4,590,468	3,187,733
Life insurance contract liabilities		480,310	74,534
General insurance contract liabilities		4,110,158	3,113,199
Retakaful operators' share of:		474,578	374,767
Family takaful certificate liabilities		162,130	135,692
General takaful certificate liabilities		312,448	239,075
Allowances for impairment losses	(iii)	(19,214)	(11,835)
		5,045,832	3,550,665

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### 14. REINSURANCE/RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES (CONT'D.)

(ii) Other insurance receivables

Group	Note	2020 RM'000	2019 RM'000
Due premium including agents/brokers and co-insurers balances		639,008	421,774
Due from reinsurers and cedants/retakaful operators		131,640	290,566
Allowances for impairment losses	(iii)	770,648 (37,899)	712,340 (30,916)
		732,749	681,424

(iii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on reinsurance/retakaful assets and other insurance receivables are as follows:

#### As at 31 December 2020

Changes in the carrying amount of other insurance receivables for the Group that contributed to an increase in the loss allowances during the financial year ended 31 December 2020 were mainly due to higher reinsurers/retakaful assets and other insurance receivables.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2020	42,751	–	–	42,751
Net remeasurement of allowances	13,108	–	–	13,108
Exchange differences	1,254	–	–	1,254
At 31 December 2020	57,113	–	–	57,113

#### As at 31 December 2019

Changes in the carrying amount of other insurance receivables for the Group that contributed to an increase in the loss allowances during the financial year ended 31 December 2019 were mainly due to higher reinsurers/retakaful assets and other insurance receivables.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2019	20,442	–	–	20,442
Net remeasurement of allowances	31,377	–	–	31,377
Exchange differences	(9,068)	–	–	(9,068)
At 31 December 2019	42,751	–	–	42,751

### 15. OTHER ASSETS

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other debtors	(i)	5,726,478	5,645,886	3,992,090	4,650,888
Amount due from brokers and clients	57	2,943,008	2,010,123	–	–
Prepayments and deposits		1,167,957	1,401,622	159,353	259,144
Tax recoverable		148,569	161,322	–	13,441
Foreclosed properties		345,931	291,989	28,500	29,412
Allowances for impairment losses	(ii)	10,331,943 (95,069)	9,510,942 (31,858)	4,179,943 (63,341)	4,952,885 (9,695)
		10,236,874	9,479,084	4,116,602	4,943,190

## 15. OTHER ASSETS (CONT'D.)

- (i) Included in other debtors are physical gold held by the Group and the Bank as a result of its broker-dealer activities amounting to approximately RM806,649,000 (2019: RM619,173,000).
- (ii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on other assets are as follows:

### As at 31 December 2020

Changes in the gross carrying amount of other assets that contributed to the changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to higher impaired receivables.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2020	7,270	21	24,567	31,858
Net remeasurement of allowances	(806)	(13)	64,974	64,155
Amount written off	-	-	(304)	(304)
Exchange differences	171	-	(811)	(640)
At 31 December 2020	6,635	8	88,426	95,069
<b>Bank</b>				
At 1 January 2020	-	-	9,695	9,695
Net remeasurement of allowances	-	-	54,688	54,688
Amount written off	-	-	(304)	(304)
Exchange differences	-	-	(738)	(738)
At 31 December 2020	-	-	63,341	63,341

### As at 31 December 2019

Changes in the gross carrying amount of other assets that contributed to the changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to higher impaired receivables.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
At 1 January 2019	6,289	92	23,923	30,304
Net remeasurement of allowances	1,087	(71)	2,324	3,340
Exchange differences	(106)	-	(1,680)	(1,786)
At 31 December 2019	7,270	21	24,567	31,858
<b>Bank</b>				
At 1 January 2019	-	-	11,197	11,197
Net remeasurement of allowances	-	-	(1,515)	(1,515)
Exchange differences	-	-	13	13
At 31 December 2019	-	-	9,695	9,695

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### 16. INVESTMENT PROPERTIES

Group	2020 RM'000	2019 RM'000
<b>At fair value</b>		
At 1 January	921,471	895,769
Additions	1,370	2,797
Fair value adjustments (Note 42)	18,522	22,781
Exchange differences	182	124
At 31 December	941,545	921,471

The following investment properties are held under lease terms:

Group	2020 RM'000	2019 RM'000
<b>At fair value</b>		
Leasehold land	137,100	105,300
Buildings	311,730	323,950
	448,830	429,250

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Investment properties are stated at fair value, which have been determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Details of valuation methods are disclosed in Note 56(b).

### 17. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bank Negara Malaysia	(i)	352,758	7,230,680	340,061	2,988,538
Other central banks	(ii)	7,116,971	7,822,072	1,307,005	1,112,394
		7,469,729	15,052,752	1,647,066	4,100,932
Allowances for impairment losses	(iii)	(1,516)	-	-	-
		7,468,213	15,052,752	1,647,066	4,100,932

(i) The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with the requirements of the Central Bank of Malaysia Act 2009, the amount of which is determined as set percentages of total eligible liabilities.

(ii) The statutory deposits of the foreign branches and foreign subsidiaries are denominated in foreign currencies and maintained with the central banks of the respective countries, in compliance with the applicable legislations in the respective countries.

(iii) Analysis of changes in allowances for impairment losses on statutory deposits with central banks are as follows:

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>As at 31 December 2020</b>				
At 1 January 2020	-	-	-	-
Net remeasurement of allowances	1,534	-	-	1,534
Exchange differences	(18)	-	-	(18)
At 31 December 2020	1,516	-	-	1,516

## 18. INVESTMENT IN SUBSIDIARIES

Bank	2020 RM'000	2019 RM'000
Unquoted shares, at cost		
– In Malaysia	32,532,887	33,188,771
– Outside Malaysia	1,328,136	1,328,136
	<b>33,861,023</b>	34,516,907
Less: Accumulated impairment losses	<b>(2,957,660)</b>	(2,957,660)
	<b>30,903,363</b>	31,559,247

The following are major events of the Group and of the Bank during the financial year ended 31 December 2020:

### (i) Incorporation of Etiqa Digital Solutions Sdn. Bhd. (“EDS”)

On 3 March 2020, Etiqa International Holdings Sdn. Bhd. (“EIH”), a wholly-owned subsidiary of the Bank completed the subscription of 1 ordinary share of EDS for a consideration of RM1.00.

On 31 December 2020, EIH injected additional capital of RM2,499,999 to EDS via subscription of 2,499,999 ordinary shares at an issue price of RM1.00 each.

### (ii) Capital repayment from Maybank Singapore Limited (“MSL”)

On 20 March 2020, the Bank via Cekap Mentari Berhad, an intermediate holding company of MSL received capital repayment of SGD400.0 million (or equivalent amount of RM1,213.9 million) from MSL, a wholly-owned subsidiary of the Bank.

### (iii) Capital injection into PT Maybank Asset Management

On 28 February 2020, 20 July 2020 and 21 December 2020, Maybank Asset Management Sdn. Bhd. (“MAM”), an 80.0% subsidiary of the Bank injected additional capital of IDR24.0 billion (or equivalent amount of RM7.46 million), IDR18.0 billion (or equivalent amount of RM5.38 million) and IDR9.0 billion (or equivalent amount of RM2.64 million) respectively to PT Maybank Asset Management, a 79.2% subsidiary of the Bank.

### (iv) Subscription of rights issue of 22,594,000 new ordinary shares issued by Maybank Islamic Berhad (“MIB”), a wholly-owned subsidiary of the Bank

On 10 June 2020, the Bank subscribed to rights issue of 22,594,000 new ordinary shares issued by MIB, at an issue price of RM32.40 per ordinary share for a total consideration of RM732,045,600.

### (v) Disposal of Overseas Investment Pte. Ltd. (formerly known as Etiqa Overseas Investment Pte. Ltd.)

On 15 June 2020, Maybank Ageas Holdings Berhad (“MAHB”), a 69.05% subsidiary of the Bank has completed the disposal of Overseas Investment Pte. Ltd. (formerly known as Etiqa Overseas Investment Pte. Ltd.), a 69.05% subsidiary of the Bank for a sale consideration of USD1.00 (or equivalent amount of RM4.28). The disposal was inclusive of the shareholdings in its associate, Pak-Kuwait Takaful Ltd. (“PKTCL”) based in Pakistan. Compensation of RM10.0 million was paid to the buyer in relation to the existing liabilities in PKTCL as agreed between buyer and seller.

The Group recorded a loss on disposal of subsidiaries amounting to RM10,161,000 as disclosed in Note 42.

### (vi) Capital injection into Etiqa Insurance Pte. Ltd.

On 30 September 2020 and 1 December 2020, Maybank Ageas Holdings Berhad, a 69.05% subsidiary of the Bank injected additional capital of SGD15.0 million (or equivalent amount of RM46.22 million) and SGD35.0 million (or equivalent amount of RM107.23 million) respectively to Etiqa Insurance Pte. Ltd., a 69.05% subsidiary of the Bank.

### (vii) Capital repayment from Maybank Private Equity Sdn. Bhd.

On 8 December 2020, Maybank Asset Management Group Berhad (“MAMG”), an 80% subsidiary of the Bank, received capital repayment of RM10.5 million from Maybank Private Equity Sdn. Bhd., an 80% subsidiary of the Bank.

### (viii) Capital injection into Etiqa Life Insurance (Cambodia) Plc.

On 31 December 2020, Etiqa International Holdings Sdn. Bhd., a wholly-owned subsidiary of the Bank injected additional capital of USD1.0 million (or equivalent amount of RM4.07 million) to Etiqa Life Insurance (Cambodia) Plc., a wholly-owned subsidiary of the Bank.

### (ix) Investment, redemption and disposal of deemed controlled structured entities by the Bank

During the financial year ended 31 December 2020, the Bank had invested and redeemed its investment in deemed controlled structured entities as follows:

- The Bank invested into Maybank All-Weather Quantitative Fund, an equity fund managed by Maybank Asset Management Singapore Pte. Ltd. (“MAMS”), an 80% subsidiary of the Bank through MAMG, an 80% subsidiary of the Bank, for an equivalent amount of RM12.6 million as a deemed controlled structured entity.
- The Bank redeemed its investment in Maybank Malaysia SmallCap Fund (formerly known as Maybank SmallCap Trust Fund), an equity fund managed by MAM, an 80% subsidiary of the Bank through MAMG, for an amount of RM55.12 million.

The Bank recorded gain on redemption of the investment in deemed controlled structured entity amounting to RM17,398,000 as disclosed in Note 42.

- The Bank fully redeemed its investments in Akshayam Asia Fund Limited and Akshayam Asia Master Fund Limited, an equity fund managed by MAMS for an equivalent amount of RM152.7 million.

The Group recorded a gain and the Bank recorded a loss amounting to RM3,128,000 and RM20,673,000 respectively on the disposal of deemed controlled structured entities as disclosed in Note 42.

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### 18. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The following were major events of the Group and of the Bank during the previous financial year ended 31 December 2019:

#### (x) Capital injection into Maybank Alliances Sdn. Bhd. ("MA")

During the previous financial year ended 31 December 2019, the Bank injected additional capital of RM194.1 million to MA, a wholly-owned subsidiary of the Bank, to fund its investment in GPay Network (M) Sdn. Bhd. ("GPay"), an associate of the Bank.

#### (xi) Investment, reclassification and dilution of interest of deemed controlled structured entities by the Bank

During the previous financial year ended 31 December 2019, the Bank had invested, reclassified and experienced dilution of interest of the deemed controlled structured entities as follows:

- The Bank invested into Maybank Enhanced Income Fund, an equity fund managed by MAMS, an 80% subsidiary of the Bank through MAMG, an 80% subsidiary of the Bank, for an equivalent amount of RM62.0 million as a deemed controlled structured entity.
- The Bank reclassified its investment in Maybank SmallCap Trust Fund, an equity fund managed by MAM, an 80% subsidiary of the Bank through MAMG, an 80% subsidiary of the Bank, from financial investments at FVTPL to investment in deemed controlled structured entity for an equivalent amount of RM106.3 million.

The above direct investments are treated as deemed controlled structured entities as disclosed in Note 66(b).

- The Bank's investment in Maybank Bluewaterz Total Return Bond Fund, a wholesale feeder (fixed income) fund managed by MAMS, an 80% subsidiary of the Bank through MAMG, an 80% subsidiary of the Bank, for an equivalent amount of RM120.4 million has been diluted and reclassified from deemed controlled structured entity to financial investments at FVTPL as disclosed in Note 9.

The Group and the Bank recorded gain on reclassification from deemed controlled structured entity to financial investments at FVTPL amounting to approximately RM61,419,000 and RM8,063,000 respectively.

#### (xii) Incorporation of Etiqa General Insurance (Cambodia) Plc.

During the previous financial year ended 31 December 2019, Etiqa International Holdings Sdn. Bhd., a wholly-owned subsidiary of the Bank completed the subscription of 9,000,000 ordinary shares of Etiqa General Insurance (Cambodia) Plc. for a consideration of USD9.0 million (or equivalent amount of RM37.7 million).

#### (xiii) Incorporation of Etiqa Life Insurance (Cambodia) Plc.

During the previous financial year ended 31 December 2019, Etiqa International Holdings Sdn. Bhd., a wholly-owned subsidiary of the Bank completed the subscription of 9,000,000 ordinary shares of Etiqa Life Insurance (Cambodia) Plc. for a consideration of USD9.0 million (or equivalent amount of RM37.2 million).

#### (xiv) Capital injection into Etiqa Insurance Pte. Ltd.

During the previous financial year ended 31 December 2019, Maybank Ageas Holdings Berhad, a 69.05% subsidiary of the Bank injected additional capital of SGD25.0 million (or equivalent amount of RM76.07 million) to Etiqa Insurance Pte. Ltd., a 69.05% subsidiary of the Bank.

#### (xv) Conversion of subordinated debt into share capital of PT Asuransi Etiqa Internasional Indonesia ("EII")

During the previous financial year ended 31 December 2019, Etiqa International Holdings Sdn. Bhd., a wholly-owned subsidiary of the Bank, subscribed 375,000,000 Class A ordinary shares amounting to IDR112.5 billion (or equivalent amount of RM33.3 million) issued by EII, an 80.0% subsidiary of the Bank, via conversion of subordinated debt to share capital.

#### (xvi) Disposal of PT Bank Maybank Syariah Indonesia ("PT Bank MSI")

During the previous financial year ended 31 December 2019, the Bank and PT Prosperindo had entered into a share sale and purchase agreement ("SPA") with PT NTI Global Indonesia ("PT NTI") and PT Berkah Anugerah Abadi ("PT Berkah"), for the disposal of PT Bank MSI for a total cash consideration of IDR580,000,000,000 (equivalent to approximately RM171.2 million).

The disposal had the following effects on the statement of financial position of the Group as at 31 December 2019:

	Note	Effects of disposal RM'000
Total assets		218,150
Total liabilities		(41,031)
Identifiable net assets disposed		177,119
Loss on disposal of subsidiaries	42	(158,531)
Transferred from shareholders' equity		
– Foreign currency translation		152,645
Cash receivable from disposal		171,233
Less: Cash and short-term funds of a subsidiary disposed		(2,907)
Net cash receivable on disposal		168,326

The Group and the Bank recorded loss on disposal of subsidiaries amounting to approximately RM158,531,000 and RM113,470,000 respectively as disclosed in Note 42.



## 18. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details and financial information of subsidiaries that have material non-controlling interests are as follows:

- (i) Etiqa International Holdings Sdn. Bhd. ("EIH"); and
- (ii) Maybank Kim Eng Holdings Limited ("MKEH").

The proportion of effective equity interest held by non-controlling interests within EIH and MKEH are disclosed in Note 66(a).

The summarised financial information of EIH and MKEH are disclosed as follows:

	EIH		MKEH	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Summarised income statements:</b>				
Interest income	1,319,080	1,360,441	273,515	363,869
Interest expense	-	(5,535)	(81,756)	(166,154)
Net interest income	1,319,080	1,354,906	191,759	197,715
Net earned insurance premiums	9,600,290	6,829,928	-	-
Other operating income	631,699	1,349,987	623,626	562,272
Total operating income	11,551,069	9,534,821	815,385	759,987
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(9,610,162)	(7,634,454)	-	-
Net operating income	1,940,907	1,900,367	815,385	759,987
Overhead expenses	(932,281)	(920,003)	(657,948)	(670,871)
Operating profit before impairment losses	1,008,626	980,364	157,437	89,116
Allowances for impairment losses on loans, advances, financing and other debts, net (Allowances for)/writeback of impairment losses on financial investments, net	(6,192)	(3,357)	(906)	(7,148)
Allowances for impairment losses on other financial assets, net	(1,287)	1	(2,894)	(14)
Operating profit	987,411	945,326	144,128	78,041
Share of profits in associates	-	-	10,959	8,717
Profit before taxation and zakat	987,411	945,326	155,087	86,758
Taxation and zakat	(279,676)	(252,463)	(40,857)	(57,413)
Profit for the financial year	707,735	692,863	114,230	29,345
Attributable to:				
Equity holders of the Bank	530,437	474,715	100,282	23,319
Non-controlling interests	177,298	218,148	13,948	6,026
	707,735	692,863	114,230	29,345
Dividends paid to non-controlling interests of the Group	77,455	77,455	3,482	12,239
<b>Summarised statements of financial position:</b>				
Total assets	48,263,063	40,505,011	10,718,586	9,235,547
Total liabilities	(40,681,672)	(33,422,916)	(8,959,359)	(7,478,775)
<b>Total equity</b>	<b>7,581,391</b>	<b>7,082,095</b>	<b>1,759,227</b>	<b>1,756,772</b>
Attributable to:				
Equity holders of the Bank	5,228,679	4,708,747	1,653,417	1,656,346
Non-controlling interests	2,352,712	2,373,348	105,810	100,426
	7,581,391	7,082,095	1,759,227	1,756,772
<b>Summarised cash flow statements:</b>				
Operating activities	1,134,330	1,512,881	(365,694)	206,118
Investing activities	(36,073)	(91,359)	(9,393)	(30,010)
Financing activities	(259,200)	(632,898)	602,790	(322,486)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>839,057</b>	<b>788,624</b>	<b>227,703</b>	<b>(146,378)</b>

Details of the subsidiaries of the Bank are disclosed in Note 66(a).

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### 19. INTEREST IN ASSOCIATES AND JOINT VENTURES

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Equity interest</b>				
Unquoted shares, at cost	778,260	778,260	440,730	440,730
Quoted shares, at cost	2,864,864	2,864,864	-	-
Exchange differences	(1,735,900)	(1,686,617)	-	-
	1,907,224	1,956,507	440,730	440,730
Share of post-acquisition reserves	1,144,046	904,909	-	-
	3,051,270	2,861,416	440,730	440,730
Less: Accumulated impairment losses	(370,868)	(370,868)	-	-
	2,680,402	2,490,548	440,730	440,730
Market value of quoted shares	1,034,201	1,205,758	-	-

- (i) The carrying amount of interest in joint ventures of the Group has been reduced to zero since 31 December 2019.
- (ii) During the previous financial year ended 31 December 2019, the Bank via its wholly-owned subsidiary, Maybank Alliances Sdn. Bhd. ("MA"), subscribed the ordinary shares of GPay as follows:
- 4,285,715 ordinary shares representing 20% of the enlarged issued share capital of GPay allotted and issued as fully paid ordinary shares of GPay in consideration of the cash payment of USD47.73 million (or equivalent amount of approximately RM194.07 million); and
  - 2,142,857 ordinary shares representing 10% of the enlarged issued share capital of GPay allotted and issued as partly-paid ordinary shares, of which USD0.40 has been paid for each partly paid share, in consideration of MA agreeing to provide to GPay contribution-in-kind such as preferred rates, merchant relationships and exclusive collaborations in accordance with the milestones and contribution period set out in the Share Subscription Agreement.
- The carrying amount of the investment in GPay of the Group for the financial year ended 31 December 2020 is RM340.9 million (2019: RM343.8 million).
- (iii) The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in associates and joint ventures:

#### Summarised income statements:

Group	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
<b>2020</b>				
Interest income	3,967,258	1,202,550	34,278	5,204,086
Interest expense	(1,930,228)	(792,668)	(15,459)	(2,738,355)
Net interest income	2,037,030	409,882	18,819	2,465,731
Other operating income	601,194	249,189	129,563	979,946
Net operating income	2,638,224	659,071	148,382	3,445,677
Overhead expenses	(1,013,622)	(300,268)	(145,704)	(1,459,594)
Operating profit before impairment losses	1,624,602	358,803	2,678	1,986,083
Allowances for impairment losses on loans, advances and financing, net	(179,785)	(93,850)	(4,050)	(277,685)
Operating profit/(loss)	1,444,817	264,953	(1,372)	1,708,398
Share of profits in associates	17,975	-	-	17,975
Profit/(loss) before taxation	1,462,792	264,953	(1,372)	1,726,373
Taxation	(582,066)	(36,500)	(3,024)	(621,590)
Profit/(loss) for the financial year	880,726	228,453	(4,396)	1,104,783
Group's share of profits/(losses) for the financial year	165,400	45,690	(1,943)	209,147
Dividends paid by the associates during the financial year	49,546	-	777	50,323

## 19. INTEREST IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(iii) The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in associates and joint ventures (cont'd.):

### Summarised income statements (cont'd.):

Group	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
<b>2019</b>				
Interest income	3,886,108	1,158,494	31,406	5,076,008
Interest expense	(2,191,320)	(730,696)	(12,262)	(2,934,278)
Net interest income	1,694,788	427,798	19,144	2,141,730
Other operating income	471,755	196,185	127,816	795,756
Net operating income	2,166,543	623,983	146,960	2,937,486
Overhead expenses	(1,071,880)	(297,386)	(159,778)	(1,529,044)
Operating profit/(loss) before impairment losses	1,094,663	326,597	(12,818)	1,408,442
Allowances for impairment losses on loans, advances and financing, net	(67,133)	(100,435)	(751)	(168,319)
Operating profit/(loss)	1,027,530	226,162	(13,569)	1,240,123
Share of profits in associates	13,783	-	-	13,783
Profit/(loss) before taxation	1,041,313	226,162	(13,569)	1,253,906
Taxation	(371,212)	(34,182)	(3,010)	(408,404)
Profit/(loss) for the financial year	670,101	191,980	(16,579)	845,502
Group's share of profits/(losses) for the financial year	125,845	38,396	(5,868)	158,373
Dividends paid by the associates during the financial year	82,899	-	689	83,588

### Summarised statements of financial position:

Group	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
<b>2020</b>				
Total assets	45,325,797	16,095,272	807,349	62,228,418
Total liabilities	(40,315,135)	(14,490,646)	(588,628)	(55,394,409)
<b>Total equity</b>	<b>5,010,662</b>	<b>1,604,626</b>	<b>218,721</b>	<b>6,834,009</b>
Proportion of Group's ownership	941,002	320,925	62,812	1,324,739
Goodwill	865,318	195,533	294,812	1,355,663
<b>Carrying amount of the investment</b>	<b>1,806,320</b>	<b>516,458</b>	<b>357,624</b>	<b>2,680,402</b>
<b>2019</b>				
Total assets	44,242,978	16,684,104	736,371	61,663,453
Total liabilities	(40,304,707)	(15,301,099)	(498,352)	(56,104,158)
<b>Total equity</b>	<b>3,938,271</b>	<b>1,383,005</b>	<b>238,019</b>	<b>5,559,295</b>
Proportion of Group's ownership	739,607	276,601	68,368	1,084,576
Goodwill	912,080	199,080	294,812	1,405,972
<b>Carrying amount of the investment</b>	<b>1,651,687</b>	<b>475,681</b>	<b>363,180</b>	<b>2,490,548</b>

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### 19. INTEREST IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

- (iv) Details of the associates and joint ventures of the Group and of the Bank are disclosed in Note 66(c) and Note 66(d) respectively.
- (v) The details of goodwill included within the Group's carrying amount of interest in associates and joint ventures are as follows:

Group	2020 RM'000	2019 RM'000
At 1 January	1,405,972	1,225,919
Addition	–	294,812
Exchange differences	(50,309)	(114,759)
At 31 December	1,355,663	1,405,972

### 20. PROPERTY, PLANT AND EQUIPMENT

Group	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Work- in-Progress RM'000	Total RM'000
<b>As at 31 December 2020</b>							
<b>Cost</b>							
At 1 January 2020	2,221,541	1,623,071	1,516,030	311,506	63,296	28,850	5,764,294
Additions	9,693	40,466	116,496	6,240	5,211	24,695	202,801
Disposals	(1,424)	(3,876)	(52,335)	(703)	(4,872)	(4,649)	(67,859)
Write-offs (Note 44)	–	(40,904)	(6,518)	(3,897)	(95)	–	(51,414)
Transferred between categories	–	22,460	(113)	599	61	(23,007)	–
Transferred from/(to) intangible assets (Note 22)	–	–	2,461	500	–	(2,281)	680
Exchange differences	(29,477)	(11,148)	(10,215)	(229)	(1,021)	581	(51,509)
At 31 December 2020	2,200,333	1,630,069	1,565,806	314,016	62,580	24,189	5,796,993
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2020	746,474	1,343,048	1,048,248	244,717	46,009	–	3,428,496
Depreciation charge for the financial year (Note 44)	40,117	92,670	153,431	18,473	7,293	–	311,984
Disposals	(695)	(2,208)	(51,619)	(612)	(3,752)	–	(58,886)
Write-offs (Note 44)	–	(40,610)	(6,236)	(3,843)	(95)	–	(50,784)
Transferred between categories	–	21	(21)	–	–	–	–
Transferred to intangible assets (Note 22)	–	–	(90)	–	–	–	(90)
Exchange differences	(19,479)	(10,627)	(9,701)	(212)	(557)	–	(40,576)
At 31 December 2020	766,417	1,382,294	1,134,012	258,523	48,898	–	3,590,144
Analysed as:							
Accumulated depreciation	758,913	1,382,290	1,134,012	258,523	48,898	–	3,582,636
Accumulated impairment losses	7,504	4	–	–	–	–	7,508
	766,417	1,382,294	1,134,012	258,523	48,898	–	3,590,144
<b>Net carrying amount</b>							
At 31 December 2020	1,433,916	247,775	431,794	55,493	13,682	24,189	2,206,849

## 20. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Work- in-Progress RM'000	Total RM'000
<b>As at 31 December 2019</b>							
<b>Cost</b>							
At 1 January 2019							
– as previously stated	2,199,132	1,564,522	1,812,169	314,515	63,692	27,177	5,981,207
– effect of adopting MFRS 16	–	–	(471,125)	–	–	–	(471,125)
At 1 January 2019, as restated	2,199,132	1,564,522	1,341,044	314,515	63,692	27,177	5,510,082
Additions	11,561	75,115	152,761	4,753	10,732	28,730	283,652
Disposals	(10,024)	(20,060)	(78,148)	(1,255)	(10,872)	–	(120,359)
Disposal of a subsidiary	–	(2,923)	(2,382)	–	(511)	–	(5,816)
Write-offs (Note 44)	–	(20,991)	(42,643)	(4,202)	(488)	–	(68,324)
Transferred between categories	–	25,950	28	75	–	(26,053)	–
Transferred from intangible assets (Note 22)	–	–	131,421	–	–	–	131,421
Exchange differences	20,872	1,458	13,949	(2,380)	743	(1,004)	33,638
At 31 December 2019	2,221,541	1,623,071	1,516,030	311,506	63,296	28,850	5,764,294
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2019							
– as previously stated	700,099	1,271,504	1,237,543	229,453	46,783	–	3,485,382
– effect of adopting MFRS 16	–	–	(195,762)	–	–	–	(195,762)
At 1 January 2019, as restated	700,099	1,271,504	1,041,781	229,453	46,783	–	3,289,620
Depreciation charge for the financial year (Note 44)	42,891	110,804	115,783	19,962	7,791	–	297,231
Disposals	(6,123)	(15,284)	(77,709)	(1,184)	(8,118)	–	(108,418)
Disposal of a subsidiary	–	(2,923)	(2,382)	–	(511)	–	(5,816)
Write-offs (Note 44)	–	(20,825)	(42,629)	(4,187)	(398)	–	(68,039)
Transferred between categories	–	(27)	27	–	–	–	–
Transferred to intangible assets (Note 22)	–	–	(16)	–	–	–	(16)
Exchange differences	9,607	(201)	13,393	673	462	–	23,934
At 31 December 2019	746,474	1,343,048	1,048,248	244,717	46,009	–	3,428,496
Analysed as:							
Accumulated depreciation	738,970	1,343,044	1,048,248	244,717	46,009	–	3,420,988
Accumulated impairment losses	7,504	4	–	–	–	–	7,508
	746,474	1,343,048	1,048,248	244,717	46,009	–	3,428,496
<b>Net carrying amount</b>							
At 31 December 2019	1,475,067	280,023	467,782	66,789	17,287	28,850	2,335,798

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## 20. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Buildings on Freehold Land		Buildings on Leasehold Land		Leasehold Land <sup>^</sup>		Total RM'000
	Freehold Land RM'000	Freehold Land RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
<b>As at 31 December 2020</b>							
<b>*Properties consist of:</b>							
<b>Cost</b>							
At 1 January 2020	109,095	488,398	396,427	641,581	167,797	418,243	2,221,541
Additions	-	5,057	1,955	142	2,539	-	9,693
Disposals	-	-	(905)	-	-	(519)	(1,424)
Transferred between categories	-	213	(213)	-	2,797	(2,797)	-
Exchange differences	(69)	(12,094)	(7,325)	(4,429)	(5,376)	(184)	(29,477)
At 31 December 2020	109,026	481,574	389,939	637,294	167,757	414,743	2,200,333
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2020	54	257,676	209,961	193,365	8,672	76,746	746,474
Depreciation charge for the financial year	-	10,035	15,669	11,348	373	2,692	40,117
Disposals	-	-	(565)	-	-	(130)	(695)
Transferred between categories	-	107	(107)	-	27	(27)	-
Exchange differences	-	(10,857)	(5,750)	(2,700)	-	(172)	(19,479)
At 31 December 2020	54	256,961	219,208	202,013	9,072	79,109	766,417
Analysed as:							
Accumulated depreciation	-	250,982	218,339	201,587	9,072	78,933	758,913
Accumulated impairment losses	54	5,979	869	426	-	176	7,504
	54	256,961	219,208	202,013	9,072	79,109	766,417
<b>Net carrying amount</b>							
At 31 December 2020	108,972	224,613	170,731	435,281	158,685	335,634	1,433,916
<b>As at 31 December 2019</b>							
<b>*Properties consist of:</b>							
<b>Cost</b>							
At 1 January 2019	109,559	480,696	397,242	638,269	154,607	418,759	2,199,132
Additions	-	3,418	1,463	-	6,680	-	11,561
Disposals	(518)	(2,697)	(6,809)	-	-	-	(10,024)
Transferred between categories	-	-	-	-	2,626	(2,626)	-
Exchange differences	54	6,981	4,531	3,312	3,884	2,110	20,872
At 31 December 2019	109,095	488,398	396,427	641,581	167,797	418,243	2,221,541
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2019	54	239,835	193,746	184,177	8,154	74,133	700,099
Depreciation charge for the financial year	-	8,946	23,769	7,165	321	2,690	42,891
Disposals	-	(1,050)	(5,073)	-	-	-	(6,123)
Transferred between categories	-	-	-	-	197	(197)	-
Exchange differences	-	9,945	(2,481)	2,023	-	120	9,607
As at 31 December 2019	54	257,676	209,961	193,365	8,672	76,746	746,474
Analysed as:							
Accumulated depreciation	-	251,697	209,092	192,939	8,672	76,570	738,970
Accumulated impairment losses	54	5,979	869	426	-	176	7,504
	54	257,676	209,961	193,365	8,672	76,746	746,474
<b>Net carrying amount</b>							
As at 31 December 2019	109,041	230,722	186,466	448,216	159,125	341,497	1,475,067

20. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Work- in-Progress RM'000	Total RM'000
<b>As at 31 December 2020</b>							
<b>Cost</b>							
At 1 January 2020	1,277,346	936,478	421,671	211,579	12,486	15,698	2,875,258
Additions	142	14,915	2,862	3,124	1,002	7,319	29,364
Disposals	(1,424)	(3)	(36,352)	-	(847)	-	(38,626)
Write-offs (Note 44)	-	(40,142)	(4,588)	(3,897)	(95)	-	(48,722)
Transferred between categories	-	18,081	-	-	-	(18,081)	-
Transferred to a subsidiary	-	(109)	(37)	-	-	-	(146)
Exchange differences	(55)	189	(17)	135	(36)	-	216
At 31 December 2020	1,276,009	929,409	383,539	210,941	12,510	4,936	2,817,344
<b>Accumulated depreciation</b>							
At 1 January 2020	531,817	824,755	324,550	169,071	10,779	-	1,860,972
Depreciation charge for the financial year (Note 44)	22,527	43,016	22,524	12,376	654	-	101,097
Disposals	(695)	(3)	(36,302)	-	(847)	-	(37,847)
Write-offs (Note 44)	-	(40,119)	(4,588)	(3,843)	(95)	-	(48,645)
Transferred to a subsidiary	-	(51)	(20)	-	-	-	(71)
Exchange differences	(196)	164	17	126	(40)	-	71
At 31 December 2020	553,453	827,762	306,181	177,730	10,451	-	1,875,577
<b>Net carrying amount</b>							
At 31 December 2020	722,556	101,647	77,358	33,211	2,059	4,936	941,767
<b>As at 31 December 2019</b>							
<b>Cost</b>							
At 1 January 2019	1,284,097	920,989	464,002	212,477	11,808	18,938	2,912,311
Additions	-	20,517	52,716	3,401	1,444	12,311	90,389
Disposals	(8,288)	(168)	(55,687)	(17)	(51)	-	(64,211)
Write-offs (Note 44)	-	(19,852)	(38,395)	(4,202)	(488)	-	(62,937)
Transferred between categories	-	15,551	-	-	-	(15,551)	-
Transferred to intangible assets (Note 22)	-	-	(17)	-	-	-	(17)
Transferred to a subsidiary	-	-	(716)	-	-	-	(716)
Exchange differences	1,537	(559)	(232)	(80)	(227)	-	439
At 31 December 2019	1,277,346	936,478	421,671	211,579	12,486	15,698	2,875,258
<b>Accumulated depreciation</b>							
At 1 January 2019	515,661	784,700	400,543	159,218	10,757	-	1,870,879
Depreciation charge for the financial year (Note 44)	21,747	60,418	19,157	14,121	630	-	116,073
Disposals	(6,123)	(165)	(55,683)	(10)	(51)	-	(62,032)
Write-offs (Note 44)	-	(19,751)	(38,394)	(4,187)	(398)	-	(62,730)
Transferred to intangible assets (Note 22)	-	-	(16)	-	-	-	(16)
Transferred to a subsidiary	-	-	(716)	-	-	-	(716)
Exchange differences	532	(447)	(341)	(71)	(159)	-	(486)
At 31 December 2019	531,817	824,755	324,550	169,071	10,779	-	1,860,972
<b>Net carrying amount</b>							
At 31 December 2019	745,529	111,723	97,121	42,508	1,707	15,698	1,014,286

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## 20. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Buildings on Freehold Land		Buildings on Leasehold Land		Leasehold Land <sup>^</sup>		Total
	Freehold Land RM'000	Freehold Land RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
<b>Bank</b>							
<b>As at 31 December 2020</b>							
<b>*Properties consist of:</b>							
<b>Cost</b>							
At 1 January 2020	104,216	402,345	317,695	343,112	16,539	93,439	1,277,346
Additions	-	-	-	142	-	-	142
Disposals	-	-	(905)	-	-	(519)	(1,424)
Transferred between categories	-	213	(213)	-	2,797	(2,797)	-
Exchange differences	(11)	(12)	(49)	42	-	(25)	(55)
At 31 December 2020	104,205	402,546	316,528	343,296	19,336	90,098	1,276,009
<b>Accumulated depreciation</b>							
At 1 January 2020	-	220,700	161,194	120,420	7,284	22,219	531,817
Depreciation charge for the financial year	-	8,107	5,486	7,627	373	934	22,527
Disposals	-	-	(565)	-	-	(130)	(695)
Transferred between categories	-	107	(107)	-	27	(27)	-
Exchange differences	-	(4)	(52)	(129)	-	(11)	(196)
At 31 December 2020	-	228,910	165,956	127,918	7,684	22,985	553,453
<b>Net carrying amount</b>							
At 31 December 2020	104,205	173,636	150,572	215,378	11,652	67,113	722,556
<b>As at 31 December 2019</b>							
<b>*Properties consist of:</b>							
<b>Cost</b>							
At 1 January 2019	105,101	405,589	322,236	341,893	13,913	95,365	1,284,097
Disposals	(518)	(2,697)	(5,073)	-	-	-	(8,288)
Transferred between categories	-	-	-	-	2,626	(2,626)	-
Exchange differences	(367)	(547)	532	1,219	-	700	1,537
At 31 December 2019	104,216	402,345	317,695	343,112	16,539	93,439	1,277,346
<b>Accumulated depreciation</b>							
At 1 January 2019	-	214,957	152,988	119,099	6,819	21,798	515,661
Depreciation charge for the financial year	-	7,260	12,603	1,021	268	595	21,747
Disposals	-	(1,050)	(5,073)	-	-	-	(6,123)
Transferred between categories	-	-	-	-	197	(197)	-
Exchange differences	-	(467)	676	300	-	23	532
At 31 December 2019	-	220,700	161,194	120,420	7,284	22,219	531,817
<b>Net carrying amount</b>							
At 31 December 2019	104,216	181,645	156,501	222,692	9,255	71,220	745,529

<sup>^</sup> The leasehold land identified as ROU assets for the Group and the Bank as disclosed in Note 21.



## 21. RIGHT-OF-USE ASSETS

Group	Premises RM'000	Office Equipments RM'000	Computers and Data Centres RM'000	Motor Vehicles RM'000	Total RM'000
<b>As at 31 December 2020</b>					
<b>Cost</b>					
At 1 January 2020	1,422,995	1,155	507,186	3,045	1,934,381
Additions	262,671	216	56,015	18,704	337,606
Termination	(45,768)	(81)	(2,368)	-	(48,217)
Modification	(241,982)	(21)	-	(527)	(242,530)
Exchange differences	(9,733)	(4)	(889)	(176)	(10,802)
At 31 December 2020	1,388,183	1,265	559,944	21,046	1,970,438
<b>Accumulated depreciation</b>					
At 1 January 2020	256,117	430	128,524	1,102	386,173
Depreciation charge for the financial year (Note 44)	268,751	367	177,083	4,535	450,736
Termination	(37,812)	(81)	(4,803)	-	(42,696)
Modification	(49,474)	(18)	-	(303)	(49,795)
Exchange differences	(12,677)	(4)	(6,577)	(176)	(19,434)
At 31 December 2020	424,905	694	294,227	5,158	724,984
<b>Net carrying amount</b>					
At 31 December 2020	963,278	571	265,717	15,888	1,245,454
<b>As at 31 December 2019</b>					
<b>Cost</b>					
At 1 January 2019					
- effect of adopting MFRS 16	1,219,915	3,603	378,724	5,682	1,607,924
At 1 January 2019, as restated	1,219,915	3,603	378,724	5,682	1,607,924
Additions	166,144	146	56,242	1,349	223,881
Modification	18,440	(2,582)	72,064	(3,984)	83,938
Exchange differences	18,496	(12)	156	(2)	18,638
At 31 December 2019	1,422,995	1,155	507,186	3,045	1,934,381
<b>Accumulated depreciation</b>					
At 1 January 2019	-	-	-	-	-
Depreciation charge for the financial year (Note 44)	257,961	619	129,499	1,194	389,273
Modification	(1,135)	(189)	(957)	(92)	(2,373)
Exchange differences	(709)	-	(18)	-	(727)
At 31 December 2019	256,117	430	128,524	1,102	386,173
<b>Net carrying amount</b>					
At 31 December 2019	1,166,878	725	378,662	1,943	1,548,208

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## 21. RIGHT-OF-USE ASSETS (CONT'D.)

	Premises RM'000	Office Equipments RM'000	Computers and Data Centres RM'000	Motor Vehicles RM'000	Total RM'000
<b>Bank</b>					
<b>As at 31 December 2020</b>					
<b>Cost</b>					
At 1 January 2020	543,554	549	212	214	544,529
Additions	93,088	15	216	–	93,319
Termination	(27,248)	(10)	(221)	–	(27,479)
Modification	6,657	–	–	–	6,657
Exchange differences	182	3	10	8	203
At 31 December 2020	616,233	557	217	222	617,229
<b>Accumulated depreciation</b>					
At 1 January 2020	105,841	235	112	87	106,275
Depreciation charge for the financial year (Note 44)	112,823	162	114	98	113,197
Termination	(26,063)	(10)	(221)	–	(26,294)
Modification	137	–	–	–	137
Exchange differences	(236)	–	6	5	(225)
At 31 December 2020	192,502	387	11	190	193,090
<b>Net carrying amount</b>					
At 31 December 2020	423,731	170	206	32	424,139
<b>As at 31 December 2019</b>					
<b>Cost</b>					
At 1 January 2019					
– effect of adopting MFRS 16	459,999	447	215	178	460,839
At 1 January 2019, as restated	459,999	447	215	178	460,839
Additions	83,358	115	–	152	83,625
Modification	2,081	–	–	(114)	1,967
Exchange differences	(1,884)	(13)	(3)	(2)	(1,902)
At 31 December 2019	543,554	549	212	214	544,529
<b>Accumulated depreciation</b>					
At 1 January 2019	–	–	–	–	–
Depreciation charge for the financial year (Note 44)	107,897	235	113	126	108,371
Modification	(1,762)	–	–	(39)	(1,801)
Exchange differences	(294)	–	(1)	–	(295)
At 31 December 2019	105,841	235	112	87	106,275
<b>Net carrying amount</b>					
At 31 December 2019	437,713	314	100	127	438,254

Total net carrying amount of the ROU assets including leasehold land for the Group and the Bank as disclosed in Note 20 as at 31 December 2020 are RM1,741,855,000 (2019: RM2,048,830,000) and RM502,904,000 (2019: RM518,729,000) respectively.

## 22. INTANGIBLE ASSETS

Group	Goodwill RM'000	Core Deposit Intangibles RM'000	Agency Force RM'000	Customer Relationship RM'000	Investment Management Agreement RM'000	Computer Software RM'000	Software-in- Development RM'000	Total RM'000
<b>As at 31 December 2020</b>								
<b>Cost</b>								
At 1 January 2020	7,330,706	314,704	82,742	162,308	11,141	2,456,571	281,450	10,639,622
Additions	-	-	-	-	-	77,634	199,188	276,822
Disposals	-	-	-	-	-	(981)	-	(981)
Write-offs (Note 44)	-	-	-	-	-	(58)	(437)	(495)
Transferred between categories	-	-	-	-	-	225,531	(225,531)	-
Transferred from/(to) property, plant and equipment (Note 20)	-	-	-	-	-	1,871	(2,551)	(680)
Exchange differences	(149,935)	(9,924)	-	(59)	-	(7,524)	(2,241)	(169,683)
At 31 December 2020	7,180,771	304,780	82,742	162,249	11,141	2,753,044	249,878	10,744,605
<b>Accumulated amortisation</b>								
At 1 January 2020	-	314,704	78,858	162,101	-	1,626,260	-	2,181,923
Amortisation charge for the financial year (Note 44)	-	-	3,136	415	-	283,348	-	286,899
Disposal	-	-	-	-	-	(726)	-	(726)
Write-offs (Note 44)	-	-	-	-	-	(58)	-	(58)
Transferred from property, plant and equipment (Note 20)	-	-	-	-	-	90	-	90
Exchange differences	-	(9,924)	(9)	(267)	-	(6,323)	-	(16,523)
At 31 December 2020	-	304,780	81,985	162,249	-	1,902,591	-	2,451,605
<b>Accumulated impairment losses</b>								
At 1 January 2020	1,621,236	-	-	-	-	-	-	1,621,236
Impairment loss (Note 44)	23,271	-	-	-	-	-	-	23,271
Exchange differences	(11)	-	-	-	-	-	-	(11)
At 31 December 2020	1,644,496	-	-	-	-	-	-	1,644,496
<b>Net carrying amount</b>								
At 31 December 2020	5,536,275	-	757	-	11,141	850,453	249,878	6,648,504
<b>As at 31 December 2019</b>								
<b>Cost</b>								
At 1 January 2019	7,168,703	305,089	82,742	162,144	11,141	2,262,433	464,833	10,457,085
Additions	-	-	-	-	-	100,262	238,838	339,100
Disposal of a subsidiary	-	-	-	-	-	(10,676)	-	(10,676)
Write-offs (Note 44)	-	-	-	-	-	(68)	(2,671)	(2,739)
Transferred between categories	-	-	-	-	-	288,318	(288,318)	-
Transferred from/(to) property, plant and equipment (Note 20)	-	-	-	-	-	17	(131,438)	(131,421)
Exchange differences	162,003	9,615	-	164	-	(183,715)	206	(11,727)
At 31 December 2019	7,330,706	314,704	82,742	162,308	11,141	2,456,571	281,450	10,639,622
<b>Accumulated amortisation</b>								
At 1 January 2019	-	305,089	75,039	160,690	-	1,576,708	-	2,117,526
Amortisation charge for the financial year (Note 44)	-	-	3,814	1,246	-	247,363	-	252,423
Disposal of a subsidiary	-	-	-	-	-	(10,676)	-	(10,676)
Write-offs (Note 44)	-	-	-	-	-	(68)	-	(68)
Transferred from property, plant and equipment (Note 20)	-	-	-	-	-	16	-	16
Exchange differences	-	9,615	5	165	-	(187,083)	-	(177,298)
At 31 December 2019	-	314,704	78,858	162,101	-	1,626,260	-	2,181,923
<b>Accumulated impairment losses</b>								
At 1 January 2019	1,621,232	-	-	-	-	-	-	1,621,232
Exchange differences	4	-	-	-	-	-	-	4
At 31 December 2019	1,621,236	-	-	-	-	-	-	1,621,236
<b>Net carrying amount</b>								
At 31 December 2019	5,709,470	-	3,884	207	11,141	830,311	281,450	6,836,463

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### 22. INTANGIBLE ASSETS (CONT'D.)

Bank	Goodwill RM'000	Computer Software RM'000	Software-in- Development RM'000	Total RM'000
<b>As at 31 December 2020</b>				
<b>Cost</b>				
At 1 January 2020	81,015	928,751	67,074	1,076,840
Additions	-	13,613	78,689	92,302
Write-offs (Note 44)	-	(58)	(437)	(495)
Transferred to a subsidiary	-	(9,904)	-	(9,904)
Transferred between categories	-	42,775	(42,775)	-
Exchange differences	-	91	(10)	81
At 31 December 2020	81,015	975,268	102,541	1,158,824
<b>Accumulated amortisation</b>				
At 1 January 2020	-	715,705	-	715,705
Amortisation charge for the financial year (Note 44)	-	56,520	-	56,520
Write-offs (Note 44)	-	(58)	-	(58)
Transferred to a subsidiary	-	(803)	-	(803)
Exchange differences	-	(200)	-	(200)
At 31 December 2020	-	771,164	-	771,164
<b>Net carrying amount</b>				
At 31 December 2020	81,015	204,104	102,541	387,660
<b>As at 31 December 2019</b>				
<b>Cost</b>				
At 1 January 2019	81,015	886,889	87,103	1,055,007
Additions	-	11,385	54,981	66,366
Write-offs (Note 44)	-	(68)	(2,671)	(2,739)
Transferred to a subsidiary	-	(28,908)	(12,286)	(41,194)
Transferred between categories	-	59,878	(59,878)	-
Transferred from property, plant and equipment (Note 20)	-	17	-	17
Exchange differences	-	(442)	(175)	(617)
At 31 December 2019	81,015	928,751	67,074	1,076,840
<b>Accumulated amortisation</b>				
At 1 January 2019	-	694,142	-	694,142
Amortisation charge for the financial year (Note 44)	-	49,533	-	49,533
Write-offs (Note 44)	-	(68)	-	(68)
Transferred to a subsidiary	-	(27,570)	-	(27,570)
Transferred from property, plant and equipment (Note 20)	-	16	-	16
Exchange differences	-	(348)	-	(348)
At 31 December 2019	-	715,705	-	715,705
<b>Net carrying amount</b>				
At 31 December 2019	81,015	213,046	67,074	361,135

## 22. INTANGIBLE ASSETS (CONT'D.)

### (i) Goodwill

Goodwill has been allocated to the Group's Cash-Generating Units ("CGUs") identified according to the following business segments:

Group	Note	2020 RM'000	2019 RM'000
American Express ("AMEX") card services business in Malaysia	(a)	81,015	81,015
Acquisition of PT Bank Maybank Indonesia Tbk ("Maybank Indonesia")	(b)	5,807,085	5,807,085
Less: Accumulated impairment losses		(1,619,518)	(1,619,518)
		4,187,567	4,187,567
Acquisition of Maybank Kim Eng Holdings Limited ("MKEH")	(c)	2,001,914	2,001,914
Less: Accumulated impairment losses		(4,693)	(1,422)
		1,997,221	2,000,492
Acquisition of PT Maybank Asset Management		20,162	20,162
Acquisition of PT Asuransi Etiqa Internasional Indonesia		60,974	60,974
Less: Accumulated impairment losses		(20,000)	-
		40,974	60,974
Acquisition of Amanah Mutual Berhad		2,168	2,168
Exchange differences		(792,832)	(642,908)
		5,536,275	5,709,470

Bank	Note	2020 RM'000	2019 RM'000
American Express ("AMEX") card services business in Malaysia	(a)	81,015	81,015

Goodwill is allocated to the Group's CGUs expected to benefit from the synergies of the acquisitions. The recoverable amount of the CGUs is assessed based on value-in-use and compared to the carrying amount of the CGUs to determine whether any impairment exists. Impairment loss is recognised in the income statement when the carrying amount of the CGUs exceeds its recoverable amount. During the financial year ended 31 December 2020, additional impairment losses of RM23.3 million were recognised for the CGUs as disclosed in Note 44.

(a) The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a 10-year period.

The other key assumptions for the computation of value-in-use are as follows:

- (i) The Bank expects the AMEX card services business to be a going concern;
- (ii) The growth in business volume is expected to be consistent with the industry growth rate of 10.0% to 15.0% per annum; and
- (iii) The discount rate applied is the internal weighted average cost of capital of the Bank at the time of assessment, which is estimated to be 7.04% per annum (2019: 7.39% per annum).

(b) The value-in-use discounted cash flow model uses free cash flow to equity ("FCFE") projections prepared and approved by management covering a 5-year period.

The other key assumptions for the computation of value-in-use are as follows:

- (i) The Bank expects Maybank Indonesia's banking business operations to be a going concern;
- (ii) The discount rate applied is based on current specific country risks which is estimated to be approximately 11.7% per annum (2019: 11.9% per annum); and
- (iii) Terminal value whereby cash flow growth rate of 5.4% (2019: 7.9%).

For sensitivity analysis purposes, a 10 basis points change in the discount rate would increase or decrease the recoverable amount by RM262.9 million and RM271.5 million respectively, while a 10 basis points change in the terminal growth rate on the annual cash flows of Maybank Indonesia would increase or decrease the recoverable amount by RM237.8 million and RM245.3 million respectively.

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### 22. INTANGIBLE ASSETS (CONT'D.)

#### (i) Goodwill (cont'd.)

- (c) Maybank Kim Eng Group (“MKEG”) is segregated into two business pillars, namely, Investment Banking and Advisory (“IB&A”) and Brokerage, Equity & Commodity Derivatives (“ECDG”) and other businesses. MKEG comprises mainly Maybank Investment Bank Berhad (“MIBB”) and Maybank Kim Eng (“MKE”) whilst MKEG forms the Investment Banking sub-segment within Global Banking.

The value-in-use discounted cash flow model uses free cash flow to the firm (“FCFF”) projections prepared and approved by management covering a 5-year period of MIBB and MKE collectively.

The other key assumptions for the computation of value-in-use are as follows:

- (i) The Bank expects MKEG’s business operations to be a going concern;
- (ii) The discount rate applied is the internal weighted average cost of capital of MKEG at the time of assessment, which is estimated to be 7.2% per annum (2019: 8.6% per annum); and
- (iii) Terminal value whereby cash flow growth rate is 4.7% (2019: 5.4%), which is consistent with the average GDP rate of Malaysia, Singapore and Thailand, which are the major MKEG’s operating markets.

For sensitivity analysis purposes, if the annual cash flows growth rate of MKEG is at a constant negative growth rate of 2.6% or the discount rate increased to approximately 24.5%, the recoverable amount would be reduced to its carrying amount of the CGU.

#### (ii) Core Deposit Intangibles (“CDI”)

Core deposit intangibles arise from the acquisition of Maybank Indonesia’s banking business operations. The CDI is deemed to have a finite useful life of 8 years and has been fully amortised based on a reducing balance method.

#### (iii) Agency force

The agency force arises from the acquisition of MKEH’s investment banking business operations. The agency force is deemed to have a finite useful life of 11 years and is amortised based on a reducing balance method.

#### (iv) Customer relationship

The customer relationship arises from the acquisition of MKEH’s investment banking business operations. The customer relationship is deemed to have a finite useful life of 3 – 9 years and is amortised based on a reducing balance method.

#### (v) Investment management agreements

The Group has recognised the investment management agreements acquired through the acquisition of Amanah Mutual Berhad and Singapore Unit Trusts Limited as intangible assets as they are expected to provide consistent revenue flow and future economic benefits to the Group. The investment management agreements are initially recognised at cost and subsequently carried at cost less any accumulated impairment losses. The useful life of the investment management agreements are estimated to be indefinite as it is believed that there is no foreseeable limit to the period over which the investment management agreements are expected to generate net cash inflows for the Group.

### 23. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits and negotiable instruments of deposits				
– One year or less	236,489,723	272,334,535	119,594,928	122,285,418
– More than one year	16,387,002	8,242,827	1,224,903	2,159,609
	252,876,725	280,577,362	120,819,831	124,445,027
Money market deposits	73,678,562	76,453,978	12,355,003	20,769,412
Savings deposits	92,157,487	78,030,371	33,763,701	28,119,100
Demand deposits	137,636,598	109,469,201	83,086,800	69,424,078
	556,349,372	544,530,912	250,025,335	242,757,617

### 23. DEPOSITS FROM CUSTOMERS (CONT'D.)

The deposits are sourced from the following types of customers:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Business enterprises	232,438,733	230,436,071	134,459,714	136,645,520
Individuals	231,305,676	221,452,568	84,669,685	76,658,858
Government and statutory bodies	46,151,797	44,022,847	12,831,965	13,425,698
Others	46,453,166	48,619,426	18,063,971	16,027,541
	<b>556,349,372</b>	544,530,912	<b>250,025,335</b>	242,757,617

The maturity profile of fixed deposits and negotiable instruments of deposits are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within six months	186,092,752	215,576,704	98,146,714	102,260,693
Six months to one year	50,396,971	56,757,831	21,448,214	20,024,725
One year to three years	15,839,042	7,729,734	1,163,363	2,105,839
Three years to five years	547,960	513,093	61,540	53,770
	<b>252,876,725</b>	280,577,362	<b>120,819,831</b>	124,445,027

### 24. DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Licensed banks	32,147,684	38,758,617	30,935,440	48,975,323
Licensed finance companies	603,389	142,861	603,389	142,861
Licensed investment banks	986,576	482,606	986,576	482,606
Other financial institutions	4,141,217	4,173,125	2,194,710	1,753,745
	<b>37,878,866</b>	43,557,209	<b>34,720,115</b>	51,354,535

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

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
One year or less	33,194,515	41,112,765	33,968,995	50,593,909
More than one year	4,684,351	2,444,444	751,120	760,626
	<b>37,878,866</b>	43,557,209	<b>34,720,115</b>	51,354,535

## Notes to the Financial Statements

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### 25. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Structured deposits	-	22,772	-	22,772
Borrowings				
Unsecured				
Medium term notes				
– More than one year				
Denominated in:				
– USD	10,161,921	6,447,653	10,161,921	6,447,653
– RM	-	60,328	-	60,328
	10,161,921	6,507,981	10,161,921	6,507,981
	10,161,921	6,530,753	10,161,921	6,530,753

The Group and the Bank have designated certain structured deposits and borrowings at FVTPL. This designation is permitted under MFRS 9 *Financial Instruments* as it significantly reduces accounting mismatch. These instruments are managed by the Group and the Bank on the basis of their fair values and include terms that have substantive derivative characteristics.

The carrying amounts of both structured deposits and borrowings designated at FVTPL of the Group and of the Bank as at 31 December 2020 were RM10,451,802,000 (2019: RM6,726,131,000). The fair value changes of the financial liabilities at FVTPL that are attributable to the changes in own credit risk are not significant.

The movements in the borrowings are as follows:

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January		6,507,981	7,252,261	6,507,981	7,252,261
Issuance during the financial year	(i)	4,499,040	1,432,900	4,499,040	1,432,900
Redemption during the financial year	(i)	(715,368)	(2,669,250)	(715,368)	(2,669,250)
Non-cash changes:					
Fair value changes		(94,503)	526,325	(94,503)	526,325
Others		68,619	17,366	68,619	17,366
Exchange differences		(103,848)	(51,621)	(103,848)	(51,621)
At 31 December		10,161,921	6,507,981	10,161,921	6,507,981

#### (i) Issuance/redemption of financial liabilities at FVTPL by the Bank

The following are the issuance and redemption by the Bank under the USD15.0 billion Multicurrency Medium Term Note Programme during the financial year ended 31 December 2020.

Issuance/Redemption	Currency	Description	Aggregate Nominal Value (in million)
Issuance	USD	Callable Zero Coupon Notes	1,120.0
Redemption	USD	Callable Zero Coupon Notes	160.0

The following is redemption by the Bank under the RM10.0 billion Senior Medium Term Note Programme during the financial year ended 31 December 2020.

Currency	Description	Aggregate Nominal Value (in million)
MYR	Callable Fixed Rate Notes	60.0



## 26. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	2020 RM'000	2019 RM'000
Insurance/takaful contract liabilities	(i)	36,830,150	30,218,443
Other insurance payables	(ii)	864,615	667,187
		<b>37,694,765</b>	<b>30,885,630</b>

### (i) Insurance/takaful contract liabilities

Group	Note	Gross contract liabilities RM'000	Reinsurance/retakaful assets (Note 14) RM'000	Net contract liabilities RM'000
<b>2020</b>				
Life insurance/family takaful	(a)	29,529,240	(642,440)	28,886,800
General insurance/general takaful	(b)	7,300,910	(4,403,392)	2,897,518
		<b>36,830,150</b>	<b>(5,045,832)</b>	<b>31,784,318</b>
<b>2019</b>				
Life insurance/family takaful	(a)	24,258,416	(210,226)	24,048,190
General insurance/general takaful	(b)	5,960,027	(3,340,439)	2,619,588
		<b>30,218,443</b>	<b>(3,550,665)</b>	<b>26,667,778</b>

### (a) Life insurance/family takaful

The breakdown of life insurance/family takaful contract liabilities and its movements are further analysed as follows:

#### (A) Life insurance/family takaful contract liabilities

Group	Gross contract liabilities RM'000	Reinsurance/retakaful assets RM'000	Net contract liabilities RM'000
<b>2020</b>			
Claims liabilities	244,507	(33,509)	210,998
Actuarial liabilities	24,081,104	(608,931)	23,472,173
Unallocated surplus	2,858,624	-	2,858,624
FVOCI reserve	208,579	-	208,579
Net asset value ("NAV") attributable to unitholders	2,136,426	-	2,136,426
	<b>29,529,240</b>	<b>(642,440)</b>	<b>28,886,800</b>
<b>2019</b>			
Claims liabilities	185,590	(42,570)	143,020
Actuarial liabilities	17,791,625	(167,656)	17,623,969
Unallocated surplus	4,155,943	-	4,155,943
FVOCI reserve	275,055	-	275,055
Net asset value ("NAV") attributable to unitholders	1,850,203	-	1,850,203
	<b>24,258,416</b>	<b>(210,226)</b>	<b>24,048,190</b>

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### 26. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES (CONT'D.)

#### (i) Insurance/takaful contract liabilities (cont'd.)

##### (a) Life insurance/family takaful (cont'd.)

The breakdown of life insurance/family takaful contract liabilities and its movements are further analysed as follows (cont'd.):

#### (B) Movements of life insurance/family takaful contract liabilities and reinsurance/retakaful assets

Group	Gross contract liabilities					Total gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
	Claims liabilities RM'000	Actuarial liabilities RM'000	Unallocated surplus RM'000	FVOCI reserve RM'000	NAV attributable to unitholders RM'000			
<b>As at 31 December 2020</b>								
At 1 January 2020	185,590	17,791,625	4,155,943	275,055	1,850,203	24,258,416	(210,226)	24,048,190
Net earned insurance premiums	-	-	1,425,372	-	-	1,425,372	-	1,425,372
Other revenue	-	-	793,541	-	14	793,555	-	793,555
Experience/benefit variation	1,302,416	-	-	-	-	1,302,416	-	1,302,416
Benefits and claims	(1,257,706)	3,960,850	(1,230,291)	-	-	1,472,853	(371,782)	1,101,071
Other expenses	-	-	(340,752)	-	(293)	(341,045)	-	(341,045)
Adjustments due to changes in:								
- Discounting	-	180,315	(175,832)	-	-	4,483	(4,483)	-
- Assumptions	-	57,214	(47,326)	-	-	9,888	(1,738)	8,150
- Policy movements	14,207	2,053,154	(213,042)	-	259,444	2,113,763	(54,211)	2,059,552
Changes in FVOCI reserve	-	-	-	(66,476)	-	(66,476)	-	(66,476)
Taxation	-	-	(35,987)	-	(486)	(36,473)	-	(36,473)
Transfer to shareholders' fund	-	-	(151,257)	-	-	(151,257)	-	(151,257)
Surplus paid to participants	-	37,946	(1,283,436)	-	-	(1,245,490)	-	(1,245,490)
Withholding tax borne by participants	-	-	(28,309)	-	-	(28,309)	-	(28,309)
Net asset value attributable to unitholders	-	-	-	-	27,544	27,544	-	27,544
Reallocation of unallocated surplus in annuity pooled income fund ("PIF") to expense liabilities	-	-	(10,000)	-	-	(10,000)	-	(10,000)
At 31 December 2020	244,507	24,081,104	2,858,624	208,579	2,136,426	29,529,240	(642,440)	28,886,800
<b>As at 31 December 2019</b>								
At 1 January 2019	228,328	15,186,267	3,813,477	27,900	1,523,805	20,779,777	(122,913)	20,656,864
Net earned insurance premiums	-	-	1,535,362	-	-	1,535,362	-	1,535,362
Other revenue	-	-	943,399	-	54	943,453	-	943,453
Experience/benefit variation	(16,806)	-	-	-	-	(16,806)	-	(16,806)
Benefits and claims	(20,738)	1,077,229	(972,715)	-	1,983	85,759	(36,349)	49,410
Other expenses	-	-	(389,554)	-	(6)	(389,560)	-	(389,560)
Adjustments due to changes in:								
- Discounting	-	73,474	(12,585)	-	-	60,889	(60,889)	-
- Assumptions	-	(204,291)	148,632	-	-	(55,659)	55,659	-
- Policy movements	(5,194)	1,625,682	(825,652)	-	293,001	1,087,837	(45,734)	1,042,103
Changes in FVOCI reserve	-	-	-	247,155	-	247,155	-	247,155
Taxation	-	-	(31,528)	-	-	(31,528)	-	(31,528)
Transfer to shareholders' fund	-	-	28,546	-	-	28,546	-	28,546
Surplus paid to participants	-	33,264	(53,664)	-	-	(20,400)	-	(20,400)
Net asset value attributable to unitholders	-	-	-	-	31,366	31,366	-	31,366
Transfer from participants fund	-	-	(27,775)	-	-	(27,775)	-	(27,775)
At 31 December 2019	185,590	17,791,625	4,155,943	275,055	1,850,203	24,258,416	(210,226)	24,048,190

## 26. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES (CONT'D.)

### (i) Insurance/takaful contract liabilities (cont'd.)

#### (b) General insurance/general takaful

Group	Note	Gross contract liabilities RM'000	Reinsurance/retakaful assets RM'000	Net contract liabilities RM'000
<b>2020</b>				
Claims liabilities	(A)	5,632,443	(4,082,866)	1,549,577
Premiums/contribution liabilities	(B)	1,451,588	(320,187)	1,131,401
Unallocated surplus of general takaful fund		174,465	–	174,465
FVOCI reserve		42,414	(339)	42,075
		<b>7,300,910</b>	<b>(4,403,392)</b>	<b>2,897,518</b>
<b>2019</b>				
Claims liabilities	(A)	4,281,164	(2,988,664)	1,292,500
Premiums/contribution liabilities	(B)	1,479,054	(352,493)	1,126,561
Unallocated surplus of general takaful fund		157,693	–	157,693
FVOCI reserve		42,116	718	42,834
		<b>5,960,027</b>	<b>(3,340,439)</b>	<b>2,619,588</b>

#### (A) Claims liabilities

Group	Gross contract liabilities RM'000	Reinsurance/retakaful assets RM'000	Net contract liabilities RM'000
<b>As at 31 December 2020</b>			
At 1 January 2020	4,281,164	(2,988,664)	1,292,500
Claims incurred in the current accident year	2,336,310	(1,064,795)	1,271,515
Adjustment to claims incurred in prior accident year due to changes in assumptions	4,505	(1,090)	3,415
Other movements in claims incurred in prior accident year	164,062	(204,024)	(39,962)
Claims paid during the financial year	(1,195,078)	226,001	(969,077)
Movements in Unallocated Loss Adjustment Expenses (“ULAE”)	1,048	–	1,048
Movements in Provision of Risk Margin for Adverse Deviation (“PRAD”)	41,797	(40,338)	1,459
Exchange differences	(1,365)	(9,956)	(11,321)
At 31 December 2020	<b>5,632,443</b>	<b>(4,082,866)</b>	<b>1,549,577</b>
<b>As at 31 December 2019</b>			
At 1 January 2019	3,889,742	(2,778,887)	1,110,855
Claims incurred in the current accident year	1,063,960	(82,537)	981,423
Adjustment to claims incurred in prior accident year due to changes in assumptions	188	(25)	163
Other movements in claims incurred in prior accident year	(80,087)	57,554	(22,533)
Claims paid during the financial year	(593,877)	(178,872)	(772,749)
Movements in Provision of Risk Margin for Adverse Deviation (“PRAD”)	(3,541)	667	(2,874)
Exchange differences	4,779	(6,564)	(1,785)
At 31 December 2019	<b>4,281,164</b>	<b>(2,988,664)</b>	<b>1,292,500</b>

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### 26. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES (CONT'D.)

## (i) Insurance/takaful contract liabilities (cont'd.)

## (b) General insurance/general takaful (cont'd.)

## (B) Premiums/contribution liabilities

Group	Gross contract liabilities RM'000	Reinsurance/retakaful assets RM'000	Net contract liabilities RM'000
<b>As at 31 December 2020</b>			
At 1 January 2020	1,479,054	(352,493)	1,126,561
Premiums/contributions written in the financial year	3,095,244	(1,054,722)	2,040,522
Premiums/contributions earned during the financial year	(3,124,987)	1,086,411	(2,038,576)
Exchange differences	2,277	617	2,894
At 31 December 2020	1,451,588	(320,187)	1,131,401
<b>As at 31 December 2019</b>			
At 1 January 2019	1,328,894	(383,469)	945,425
Premiums/contributions written in the financial year	3,119,733	(918,193)	2,201,540
Premiums/contributions earned during the financial year	(2,970,550)	950,334	(2,020,216)
Exchange differences	977	(1,165)	(188)
At 31 December 2019	1,479,054	(352,493)	1,126,561

## (ii) Other insurance payables

Group	2020 RM'000	2019 RM'000
Due to agents and intermediaries	218,840	174,645
Due to reinsurers and cedants	604,582	447,301
Due to retakaful operators	41,193	45,241
	864,615	667,187

### 27. OTHER LIABILITIES

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amount due to brokers and clients	57	4,918,837	4,231,486	–	–
Deposits, other creditors and accruals		11,214,207	8,642,439	6,895,028	6,601,312
Defined benefit pension plans	(i)	542,947	521,985	–	–
Provisions for commitments and contingencies	(ii)	75,798	27,880	27,880	27,880
Allowances for impairment losses on loan commitments and financial guarantee contracts	(iii)	247,147	678,232	164,194	618,048
Lease liabilities	(iv)	1,178,902	1,461,498	410,438	410,156
Structured deposits		2,850,077	6,006,007	312,527	295,012
		21,027,915	21,569,527	7,810,067	7,952,408

## (i) Defined benefit pension plans

The Bank's subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labour laws of respective countries. The Bank's subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial assumptions using Projected Unit Credit Method. Such determination is made based on the present value of expected cash flows of benefits to be paid in the future taking into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors.

## 27. OTHER LIABILITIES (CONT'D.)

### (i) Defined benefit pension plans (cont'd.)

The defined benefit plans expose the Bank's subsidiaries to actuarial risks, such as longevity risk, interest rate risk, currency risk and market (investment) risk.

#### (a) Funding to defined benefit plans

The defined benefit plans are fully funded by the Bank's subsidiaries. The funding requirements are based on the pension funds actuarial measurement framework set out in the funding policies of the plans. The subsidiaries' employees are not required to contribute to the plans.

The following payments are expected contributions to be made by the Bank's subsidiaries to the defined benefit plans obligations in the future years:

Group	2020 RM'000	2019 RM'000
Within the next 12 months	71,933	32,270
Between 1 and 5 years	185,991	166,074
Between 5 and 10 years	452,025	439,765
Beyond 10 years	2,574,828	4,134,351
<b>Total expected payments</b>	<b>3,284,777</b>	<b>4,772,460</b>

#### (b) Movements in net defined benefit liabilities

The following table shows a reconciliation of net defined benefit liabilities and its components:

Group	Defined benefit obligations RM'000	Fair value of plan assets RM'000	Net defined benefit liabilities RM'000
<b>As at 31 December 2020</b>			
At 1 January 2020	553,486	(31,501)	521,985
<b>Included in income statements:</b>			
Current service cost	58,879	-	58,879
Past service income	(3,377)	-	(3,377)
Interest cost/(income)	38,307	(70)	38,237
Actuarial loss on other long-term employee benefits plans	14,614	-	14,614
	108,423	(70)	108,353
<b>Included in statements of comprehensive income:</b>			
Remeasurement loss/(gain):			
- Actuarial loss/(gain) arising from:			
- Demographic assumptions	359	-	359
- Financial assumptions	18,156	-	18,156
- Experience adjustments	(33,932)	-	(33,932)
- Return on plan assets (excluding interest income)	-	(169)	(169)
	(15,417)	(169)	(15,586)
<b>Others:</b>			
Contributions paid by employers	(340)	(15,069)	(15,409)
Benefits paid	(47,356)	10,836	(36,520)
Disposal of a subsidiary	(4,993)	-	(4,993)
Exchange differences	(11,274)	(3,609)	(14,883)
	(63,963)	(7,842)	(71,805)
At 31 December 2020	582,529	(39,582)	542,947

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### 27. OTHER LIABILITIES (CONT'D.)

#### (i) Defined benefit pension plans (cont'd.)

##### (b) Movements in net defined benefit liabilities (cont'd.)

The following table shows a reconciliation of net defined benefit liabilities and its components (cont'd.):

Group	Defined benefit obligations RM'000	Fair value of plan assets RM'000	Net defined benefit liabilities RM'000
<b>As at 31 December 2019</b>			
At 1 January 2019	504,661	(30,643)	474,018
<b>Included in income statements:</b>			
Current service cost	56,099	–	56,099
Past service cost	5,093	–	5,093
Interest cost/(income)	38,807	(2,974)	35,833
Actuarial gain on other long-term employee benefits plans	(8,908)	–	(8,908)
	91,091	(2,974)	88,117
<b>Included in statements of comprehensive income:</b>			
Remeasurement (gain)/loss:			
– Actuarial (gain)/loss arising from:			
– Demographic assumptions	(1,328)	–	(1,328)
– Financial assumptions	23,361	–	23,361
– Experience adjustments	(28,114)	–	(28,114)
– Return on plan assets (excluding interest income)	–	1,176	1,176
	(6,081)	1,176	(4,905)
<b>Others:</b>			
Contributions paid by employers	–	(10,776)	(10,776)
Benefits paid	(45,541)	13,857	(31,684)
Disposal of a subsidiary	(4,993)	–	(4,993)
Exchange differences	14,349	(2,141)	12,208
	(36,185)	940	(35,245)
At 31 December 2019	553,486	(31,501)	521,985

##### (c) Plan assets

The major categories of plan assets included as part of the fair value of total plan assets are as follows:

Group	2020 RM'000	2019 RM'000
Cash and cash equivalents	2,697	16,892
Quoted investments in active markets:		
Equity securities:		
– Financial institutions	4,378	7,950
Bonds issued by foreign governments	29,113	3,687
Debt instruments	2,602	1,394
Unquoted investments:		
Debt instruments	–	1,653
Equity securities	927	2,283
Other receivables	934	1,487
Other payables	(1,069)	(3,845)
	39,582	31,501

For Bank's subsidiaries which have plan assets, an Asset-Liability Matching Study ("ALM") is performed at each reporting date. The principal technique of the ALM is to ensure the expected return on assets is sufficient to support the desired level of funding arising from the defined benefit plans.

## 27. OTHER LIABILITIES (CONT'D.)

### (i) Defined benefit pension plans (cont'd.)

#### (d) Defined benefit obligations

##### (A) Actuarial assumptions

The principal assumptions used by subsidiaries in determining its pension obligations are as follows:

Group	2020 %	2019 %
Discount rate		
– Indonesia	6.59	7.73
– Philippines	4.45	4.87
– Thailand	1.62	1.62
Future salary growth		
– Indonesia	7.17	7.33
– Philippines	5.00	5.00
– Thailand	5.00	6.00

Group	2020 Years	2019 Years
Indonesia:		
Life expectancy for individual retiring at age of 55 – 56:		
– Male	18.78	15.55
– Female	19.75	16.88
Philippines:		
Life expectancy for individual retiring at age of 60:		
– Male	12.85	12.10
– Female	16.95	15.30
Thailand:		
Life expectancy for individual retiring at age of 60:		
– Male	11.80	11.80
– Female	19.30	19.30

The average duration of the defined benefit plans obligations at the end of each reporting year are as follows:

Group	2020 Years	2019 Years
Duration of defined benefit plans obligations		
– Indonesia	7.93	7.04
– Philippines	15.87	15.37
– Thailand	17.30	17.30

##### (B) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

Group	Defined benefit obligations	
	Increased by 1% RM'000	Decreased by 1% RM'000
<b>2020</b>		
Discount rate (1% movement)	(36,594)	49,256
Future salary growth (1% movement)	49,181	(33,156)
Future mortality (1% movement)	159	(159)

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### 27. OTHER LIABILITIES (CONT'D.)

#### (i) Defined benefit pension plans (cont'd.)

(d) Defined benefit obligations (cont'd.)

(B) Sensitivity analysis (cont'd.)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below (cont'd.):

Group	Defined benefit obligations	
	Increased by 1% RM'000	Decreased by 1% RM'000
<b>2019</b>		
Discount rate (1% movement)	(40,135)	48,791
Future salary growth (1% movement)	48,348	(28,651)
Future mortality (1% movement)	-	-

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of each reporting year.

#### (ii) The movements of provisions for commitments and contingencies are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	27,880	32,003	27,880	27,416
Addition	47,918	464	-	464
Written back	-	(4,587)	-	-
At 31 December	75,798	27,880	27,880	27,880

#### (iii) Movements in the allowances for impairment losses on loan commitments and financial guarantee contracts are as follows:

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>As at 31 December 2020</b>				
<b>Group</b>				
At 1 January 2020	92,086	108,132	478,014	678,232
Transferred to Stage 1	11,741	(11,520)	(221)	-
Transferred to Stage 2	(7,727)	7,989	(262)	-
Transferred to Stage 3	(133)	(287)	420	-
Net remeasurement of allowances	(9,304)	(39,803)	(88,402)	(137,509)
New credit exposures originated or purchased	42,500	15,675	-	58,175
Credit exposures derecognised	(31,246)	(19,931)	(301,212)	(352,389)
Changes in models/risk parameters	(738)	1,043	13	318
Exchange differences	(49)	(76)	445	320
At 31 December 2020	97,130	61,222	88,795	247,147
<b>Bank</b>				
At 1 January 2020	48,324	99,999	469,725	618,048
Transferred to Stage 1	1,456	(1,456)	-	-
Transferred to Stage 2	(673)	820	(147)	-
Transferred to Stage 3	(46)	(13)	59	-
Net remeasurement of allowances	(8,292)	(59,070)	(93,006)	(160,368)
New credit exposures originated or purchased	19,966	9,219	-	29,185
Credit exposures derecognised	(18,903)	(12,689)	(292,563)	(324,155)
Changes in models/risk parameters	86	545	-	631
Exchange differences	527	(255)	581	853
At 31 December 2020	42,445	37,100	84,649	164,194



## 27. OTHER LIABILITIES (CONT'D.)

(iii) Movements in the allowances for impairment losses on loan commitments and financial guarantee contracts are as follows (cont'd.):

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>As at 31 December 2019</b>				
<b>Group</b>				
At 1 January 2019	84,477	52,676	150,283	287,436
Transferred to Stage 1	2,620	(2,620)	-	-
Transferred to Stage 2	(4,613)	6,014	(1,401)	-
Transferred to Stage 3	(13)	(61)	74	-
Net remeasurement of allowances	13,488	55,709	333,589	402,786
New credit exposures originated or purchased	23,893	12,047	-	35,940
Credit exposures derecognised	(28,218)	(17,679)	(3,224)	(49,121)
Changes in models/risk parameters	(277)	974	-	697
Exchange differences	729	1,072	(1,307)	494
At 31 December 2019	92,086	108,132	478,014	678,232
<b>Bank</b>				
At 1 January 2019	40,038	43,868	145,197	229,103
Transferred to Stage 1	2,228	(2,228)	-	-
Transferred to Stage 2	(4,284)	4,284	-	-
Transferred to Stage 3	(14)	(54)	68	-
Net remeasurement of allowances	12,282	57,728	327,100	397,110
New credit exposures originated or purchased	18,303	8,622	-	26,925
Credit exposures derecognised	(19,571)	(12,646)	(2,950)	(35,167)
Changes in models/risk parameters	(242)	519	-	277
Exchange differences	(416)	(94)	310	(200)
At 31 December 2019	48,324	99,999	469,725	618,048

### (iv) Lease liabilities

The movements in lease liabilities are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January				
- as previously stated	1,461,498	272,311	410,156	-
- effect of adopting MFRS 16	-	1,250,017	-	427,669
At 1 January, as restated	1,461,498	1,522,328	410,156	427,669
New lease contracts	315,772	179,768	88,630	70,217
Modification	(166,311)	79,932	-	(2,968)
Termination	(17,440)	-	(2,274)	-
Lease finance cost (Note 44)	49,769	66,353	13,550	16,186
Lease obligation reduction/repayment	(464,386)	(386,883)	(99,624)	(100,948)
At 31 December	1,178,902	1,461,498	410,438	410,156

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### 27. OTHER LIABILITIES (CONT'D.)

#### (iv) Lease liabilities (cont'd.)

The undiscounted maturity analysis of lease liabilities are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Less than one year	335,690	27,377	73,491	20,348
Between one and five years	675,915	739,481	315,954	163,190
More than five years	209,510	896,132	46,867	263,992
	<b>1,221,115</b>	1,662,990	<b>436,312</b>	447,530

### 28. RECOURSE OBLIGATION ON LOANS AND FINANCING SOLD TO CAGAMAS

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	1,526,225	1,547,272	1,526,225	1,547,272
Amount sold to Cagamas during the financial year	–	1,543,501	–	1,543,501
Repayment forwarded	(1,543,501)	(1,543,500)	(1,543,501)	(1,543,500)
Changes in fair value	17,276	(21,048)	17,276	(21,048)
At 31 December	–	1,526,225	–	1,526,225
<b>Represented by:</b>				
Sold directly to Cagamas	–	1,543,501	–	1,543,501

During the financial year ended 31 December 2020, the Group and the Bank did not enter into new agreement with Cagamas Berhad to administer the loans and financing on behalf of Cagamas Berhad and to buy back any loans and financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the originators.

### 29. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Taxation	112,102	142,744	66,120	–
Zakat	39,817	44,317	–	–
	<b>151,919</b>	187,061	<b>66,120</b>	–

### 30. DEFERRED TAX

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	148,564	(587,583)	185,495	(345,186)
Recognised in income statements:				
Tax expenses (Note 49)	226,758	(67,263)	13,332	18,773
Tax borne by insurance policyholders/takaful participants	12,612	107,220	–	–
Recognised in statements of other comprehensive income, net	334,578	673,131	214,459	510,049
Disposal of a subsidiary	–	20,240	–	–
Exchange differences	(42,592)	2,819	(35,456)	1,859
At 31 December	<b>679,920</b>	148,564	<b>377,830</b>	185,495

### 30. DEFERRED TAX (CONT'D.)

Presented after appropriate offsetting as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	(790,936)	(729,712)	–	–
Deferred tax liabilities	1,470,856	878,276	377,830	185,495
	679,920	148,564	377,830	185,495

Presented prior to offsetting as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	(1,414,938)	(943,638)	(611,457)	(369,164)
Deferred tax liabilities	2,094,858	1,092,202	989,287	554,659
	679,920	148,564	377,830	185,495

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 income taxes relate to the same fiscal authority.

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

#### Deferred tax assets of the Group:

	Impairment losses on loans, financial investments and other financial assets RM'000	FVOCI reserve and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
<b>As at 31 December 2020</b>					
At 1 January 2020	(267,261)	(3,090)	(529,809)	(143,478)	(943,638)
Recognised in income statements:					
Tax expenses	(516,102)	(324)	36,487	11,026	(468,913)
Tax borne by insurance policyholders/takaful participants	821	724	–	10,463	12,008
Recognised in statements of other comprehensive income	–	30,386	6,911	–	37,297
Exchange differences	(1,825)	(2,284)	(47,373)	(210)	(51,692)
At 31 December 2020	(784,367)	25,412	(533,784)	(122,199)	(1,414,938)
<b>As at 31 December 2019</b>					
At 1 January 2019	(159,586)	(22,138)	(558,570)	(325,092)	(1,065,386)
Recognised in income statements:					
Tax expenses	(111,245)	(160,916)	27,676	168,223	(76,262)
Tax borne by insurance policyholders/takaful participants	26	–	–	666	692
Recognised in statements of other comprehensive income	–	178,811	(337)	–	178,474
Disposal of a subsidiary	5,837	–	–	14,403	20,240
Exchange differences	(2,293)	1,153	1,422	(1,678)	(1,396)
At 31 December 2019	(267,261)	(3,090)	(529,809)	(143,478)	(943,638)

## Notes to the Financial Statements

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### 30. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd.):

#### Deferred tax liabilities of the Group:

	Excess capital allowance RM'000	FVOCI reserve and accretion of discounts RM'000	Interest/profit on loan/financing moratorium RM'000	Non-DPF unallocated surplus RM'000	Other temporary differences RM'000	Total RM'000
<b>As at 31 December 2020</b>						
At 1 January 2020	132,062	696,905	-	228,025	35,210	1,092,202
Recognised in income statements:						
Tax expenses	13,077	-	677,810	11,222	(6,438)	695,671
Tax borne by insurance policyholders/ takaful participants	-	-	-	-	604	604
Recognised in statements of other comprehensive income	-	297,281	-	-	-	297,281
Exchange differences	3,024	(6,425)	-	10,895	1,606	9,100
At 31 December 2020	148,163	987,761	677,810	250,142	30,982	2,094,858
<b>As at 31 December 2019</b>						
At 1 January 2019	111,140	37,269	-	241,555	87,839	477,803
Recognised in income statements:						
Tax expenses	20,798	160,751	-	(13,530)	(159,020)	8,999
Tax borne by insurance policy holders/ takaful participants	192	-	-	-	106,336	106,528
Recognised in statements of other comprehensive income	-	494,657	-	-	-	494,657
Exchange differences	(68)	4,228	-	-	55	4,215
At 31 December 2019	132,062	696,905	-	228,025	35,210	1,092,202

#### Deferred tax assets of the Bank:

	Impairment losses on loans, financial investments and other financial assets RM'000	FVOCI reserve RM'000	Provision for liabilities RM'000	Total RM'000
<b>As at 31 December 2020</b>				
At 1 January 2020	(34,766)	(34,169)	(300,229)	(369,164)
Recognised in income statements:				
Tax expenses	(269,166)	-	34,930	(234,236)
Recognised in statements of other comprehensive income	-	27,399	-	27,399
Exchange differences	-	-	(35,456)	(35,456)
At 31 December 2020	(303,932)	(6,770)	(300,755)	(611,457)
<b>As at 31 December 2019</b>				
At 1 January 2019	(2,828)	(60,919)	(330,659)	(394,406)
Recognised in income statements:				
Tax expenses	(31,938)	-	28,571	(3,367)
Recognised in statements of other comprehensive income	-	26,750	-	26,750
Exchange differences	-	-	1,859	1,859
At 31 December 2019	(34,766)	(34,169)	(300,229)	(369,164)

### 30. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd.):

#### Deferred tax liabilities of the Bank:

	Excess capital allowance RM'000	FVOCI reserve RM'000	Interest on loan moratorium RM'000	Other temporary differences RM'000	Total RM'000
<b>As at 31 December 2020</b>					
At 1 January 2020	48,632	493,420	–	12,607	554,659
Recognised in income statements:					
Tax expenses	(3,241)	–	249,265	1,544	247,568
Recognised in statements of other comprehensive income	–	187,060	–	–	187,060
At 31 December 2020	45,391	680,480	249,265	14,151	989,287
<b>As at 31 December 2019</b>					
At 1 January 2019	26,723	10,121	–	12,376	49,220
Recognised in income statements:					
Tax expenses	21,909	–	–	231	22,140
Recognised in statements of other comprehensive income	–	483,299	–	–	483,299
At 31 December 2019	48,632	493,420	–	12,607	554,659

Deferred tax assets have not been recognised in respect of the following items:

Group	2020 RM'000	2019 RM'000
Unutilised tax losses	564,317	456,632
Unabsorbed capital allowances	3,579	33
	567,896	456,665

The above items are available for offsetting against future taxable profits of the respective subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of those items as they may not be used to offset taxable profits of other subsidiaries within the Group. They have arisen from subsidiaries that have past losses in which the deferred tax assets are recognised to the extent that future taxable profits will be available.

### 31. BORROWINGS

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured:	(a)				
(i) Borrowings					
– Less than one year					
Denominated in:					
– SGD		–	237,799	–	–
– IDR		14,296	1,253,572	–	–
– VND		–	3,530	–	–
		14,296	1,494,901	–	–
– More than one year					
Denominated in:					
– IDR		2,062,856	1,996,482	–	–
Total secured borrowings		2,077,152	3,491,383	–	–

## Notes to the Financial Statements

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## 31. BORROWINGS (CONT'D.)

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unsecured:	(b)				
(i) Borrowings					
– Less than one year					
Denominated in:					
– USD		5,884,816	5,453,711	5,840,621	5,383,508
– SGD		1,020,472	1,427,935	1,020,472	–
– THB		1,425,133	1,324,965	–	–
– HKD		176,184	210,108	176,184	105,159
– IDR		44,959	867,424	–	–
– VND		–	50	–	–
– AUD		773,724	–	773,724	–
– RM		2,830,790	1,638,130	2,830,790	1,638,130
		<b>12,156,078</b>	10,922,323	<b>10,641,791</b>	7,126,797
– More than one year					
Denominated in:					
– USD		1,467,065	4,625,605	764,815	3,909,789
– IDR		668,135	690,235	–	–
– JPY		1,145	1,430	–	–
– RM <sup>1</sup>		1,614,483	–	1,614,483	–
		<b>3,750,828</b>	5,317,270	<b>2,379,298</b>	3,909,789
(ii) Medium Term Notes					
– Less than one year					
Denominated in:					
– USD		80,865	806,826	80,865	806,826
– HKD		931,825	1,565,984	931,825	1,565,984
– SGD		686	686	686	686
– JPY		–	1,232,594	–	1,232,594
– CNH		17,588	547,362	17,588	547,362
– CHF		452,172	39	452,172	39
– CNY		8,621	1,201,217	8,621	1,201,217
– RM		750	42,320	750	42,320
		<b>1,492,507</b>	5,397,028	<b>1,492,507</b>	5,397,028
– More than one year					
Denominated in:					
– USD		8,629,473	8,375,338	8,629,473	8,375,338
– HKD		2,190,257	2,543,543	2,190,257	2,543,543
– JPY		5,827,903	3,344,937	5,827,903	3,344,937
– AUD		420,279	390,326	420,279	390,326
– CNH		939,057	547,975	939,057	547,975
– CHF		–	422,386	–	422,386
– CNY		613,690	586,906	613,690	586,906
		<b>18,620,659</b>	16,211,411	<b>18,620,659</b>	16,211,411
Total unsecured borrowings		<b>36,020,072</b>	37,848,032	<b>33,134,255</b>	32,645,025
Total borrowings		<b>38,097,224</b>	41,339,415	<b>33,134,255</b>	32,645,025

<sup>1</sup> Included in the borrowings is the amount received by the Group and the Bank under government financing scheme as part of the government support measure in response to COVID-19 pandemic amounting to RM1,564,483,000 for the purpose of SME lending at a below market rate with a six-year maturity to be repaid on 17 June 2026. The financing under the government scheme is for lending at concession rates to SMEs and for COVID-19 related relief measures. The benefits under the government financing scheme that are recognised in the profit or loss are as disclosed in Note 2.5(iii) of the financial statements.

### 31. BORROWINGS (CONT'D.)

The movements in the borrowings are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	41,339,415	31,600,197	32,645,025	23,441,160
(Repayment)/drawdown, net	(2,571,076)	9,748,366	742,415	9,377,344
Non-cash changes:				
Others	(508,292)	21,631	(264,840)	24,636
Exchange differences	(162,823)	(30,779)	11,655	(198,115)
At 31 December	38,097,224	41,339,415	33,134,255	32,645,025

#### (a) Secured borrowings

The secured borrowings are secured against the following collaterals:

- (i) Fiduciary transfer of the subsidiary's receivables with an aggregate amount of not less than 50% to 100% of the total outstanding loan;
- (ii) Fiduciary transfer of the subsidiary's receivables with day past due not more than 30 to 90 days; and
- (iii) Specific collaterals are as follows:
  - (1) certain motor vehicles; and
  - (2) fixed deposits.

#### (b) Unsecured borrowings

The unsecured borrowings include term loans, commercial papers ("CP"), medium term notes ("MTN") and overdrafts denominated in multi-currencies.

The following are the changes in the borrowings which include bonds, MTN, CP and structured notes issued/redeemed by the Group and the Bank during the financial year ended 31 December 2020:

##### (1) Issuance/redemption of medium term notes by the Bank

Issuance/Redemption	Currency	Description	Aggregate Nominal Value (in million)
Issuance	USD	Fixed Rate Notes	40.0
Issuance	USD	Floating Rate Notes	79.0
Issuance	CNY	Fixed Rate Notes	605.0
Issuance	JPY	Fixed Rate Notes (Samurai Bonds)	60,900.0
Issuance	RM	Fixed Rate Notes	50.0
Issuance	HKD	Fixed Rate Notes	1,050.0
Issuance	USD	Zero Coupon Notes	1,120.0
Redemption	USD	Zero Coupon Notes	160.0
Redemption	USD	Floating Rate Notes	170.0
Redemption	USD	Fixed Rate Notes	25.0
Redemption	HKD	Fixed Rate Notes	2,865.0
Redemption	CNY	Fixed Rate Notes	910.0
Redemption	CNY	Fixed Rate Notes (Panda Bonds)	2,000.0
Redemption	RM	Fixed Rate Notes (Sukuk Murabahah)	60.0
Redemption	RM	Zero Coupon Notes	91.9
Redemption	JPY	Fixed Rate Notes (Samurai Bonds)	12,800.0
Redemption	JPY	Fixed Rate Notes	20,000.0

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### 31. BORROWINGS (CONT'D.)

#### (b) Unsecured borrowings (cont'd.)

The following are the changes in the borrowings which include bonds, MTN, CP and structured notes issued/redeemed by the Group and the Bank during the financial year ended 31 December 2020 (cont'd.):

#### (2) Issuance of commercial papers by the Bank

The aggregate nominal value of the commercial papers issued by the Bank and outstanding as at 31 December 2020 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
RM	Zero Coupon Notes	2,796.1
USD	Zero Coupon Notes	499.6
AUD	Zero Coupon Notes	250.0
HKD	Zero Coupon Notes	340.0
SGD	Fixed Rate Notes*	315.0
USD	Fixed Rate Notes*	15.0

\* Extendible money market certificates.

#### (3) Issuance/redemption of bonds by PT Bank Maybank Indonesia Tbk and its subsidiaries

Issuance/Redemption	Currency	Description	Aggregate Nominal Value (in million)
Issuance	IDR	Fixed Rate Notes	760,300.0
Redemption	IDR	Fixed Rate Notes	3,945,300.0

#### (4) Issuance of Islamic commercial papers by Maybank Islamic Berhad

The aggregate nominal value of the Islamic commercial papers ("ICP") issued by Maybank Islamic Berhad and outstanding as at 31 December 2020 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
RM	Zero Profit ICP	8,000.0

### 32. SUBORDINATED OBLIGATIONS

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
RM2,200.0 million subordinated notes due in 2025	(i)	–	2,221,265	–	2,221,265
RM1,100.0 million subordinated notes due in 2025	(ii)	–	1,109,451	–	1,109,451
USD500.0 million subordinated notes due in 2026	(iii)	<b>2,021,330</b>	2,059,101	<b>2,021,330</b>	2,059,101
RM2,000.0 million subordinated notes due in 2029	(iv)	<b>2,036,812</b>	2,035,907	<b>2,036,812</b>	2,035,907
RM1,700.0 million subordinated notes due in 2031	(v)	<b>1,731,853</b>	1,731,092	<b>1,731,853</b>	1,731,092
RM2,300.0 million subordinated notes due in 2030	(vi)	<b>2,314,863</b>	–	<b>2,314,863</b>	–
RM700.0 million subordinated notes due in 2032	(vii)	<b>703,781</b>	–	<b>703,781</b>	–
IDR1.5 trillion BMI subordinated bonds due in 2021	(viii)	<b>64,492</b>	66,552	–	–
IDR800.0 billion BMI subordinated bonds due in 2023	(ix)	<b>94,700</b>	97,757	–	–
		<b>8,967,831</b>	9,321,125	<b>8,808,639</b>	9,156,816

The movements in the subordinated obligations are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	<b>9,321,125</b>	10,717,005	<b>9,156,816</b>	9,157,310
Issuance during the financial year	<b>3,000,000</b>	3,700,000	<b>3,000,000</b>	3,700,000
Redemption during the financial year	<b>(3,300,000)</b>	(5,095,222)	<b>(3,300,000)</b>	(3,700,000)
Non-cash changes:				
Others	<b>(9,674)</b>	7,611	<b>(9,676)</b>	21,756
Exchange differences	<b>(43,620)</b>	(8,269)	<b>(38,501)</b>	(22,250)
At 31 December	<b>8,967,831</b>	9,321,125	<b>8,808,639</b>	9,156,816



### 32. SUBORDINATED OBLIGATIONS (CONT'D.)

Note	Description	Issue date	First call date	Maturity date	Coupon/ Profit rate (% p.a.)	Nominal value
<b>Malayan Banking Berhad</b>						
<b><u>RM20.0 billion Subordinated Note Programme</u></b>						
(i)	RM Subordinated notes <sup>4</sup>	19-Oct-15	19-Oct-20	17-Oct-25	4.90	RM2,200.0 million
(ii)	RM Subordinated notes <sup>4</sup>	27-Oct-15	27-Oct-20	27-Oct-25	4.90	RM1,100.0 million
<b><u>USD15.0 billion Multicurrency MTN Programme</u></b>						
(iii)	USD Subordinated notes <sup>2, 3</sup>	29-Apr-16	29-Oct-21	29-Oct-26	3.905	USD500.0 million
<b><u>RM10.0 billion Sukuk Programme</u></b>						
(iv)	RM Subordinated Sukuk Murabahah <sup>1, 3</sup>	31-Jan-19	31-Jan-24	31-Jan-29	4.63	RM2,000.0 million
(v)	RM Subordinated Sukuk Murabahah <sup>1, 3</sup>	31-Jan-19	30-Jan-26	31-Jan-31	4.71	RM1,700.0 million
(vi)	RM Subordinated Sukuk Murabahah <sup>1, 3</sup>	9-Oct-20	9-Oct-25	9-Oct-30	2.90	RM2,300.0 million
(vii)	RM Subordinated Sukuk Murabahah <sup>1, 3</sup>	9-Oct-20	8-Oct-27	8-Oct-32	3.10	RM700.0 million
<b>PT Bank Maybank Indonesia Tbk</b>						
(viii)	Shelf Subordinated Bonds II Bank BII Year 2014 – Tranche I	8-Jul-14	–	8-Jul-21	11.35	IDR1,500.0 billion
(ix)	Shelf Subordinated Bonds II Bank Maybank Indonesia Year 2016 – Tranche II	10-Jun-16	–	10-Jun-23	9.625	IDR800.0 billion

<sup>1</sup> The Bank may, subject to the prior consent of BNM, redeem these subordinated notes/sukuk, in whole or in part on the first call date and on each interest/profit payment date thereafter.

<sup>2</sup> The Bank may, subject to the prior consent of BNM, redeem these subordinated notes, in whole or in part, on 29 October 2021 (the “Optional Redemption Date”). Should the Bank decide not to exercise its call option, the rate of interest payable on these subordinated notes from the Optional Redemption Date up to, and including, the maturity date will be reset to the prevailing 5-year U.S. Dollar mid swap rate plus the initial spread per annum.

<sup>3</sup> These subordinated notes/sukuk are Basel III-compliant.

<sup>4</sup> These subordinated notes/sukuk were fully redeemed on the respective first call dates.

All the subordinated instruments above constitute unsecured liabilities of the Group and of the Bank and are subordinated to the senior indebtedness of the Group and of the Bank in accordance with the respective terms and conditions of their issues.

### 33. CAPITAL SECURITIES

Description	Issue date	First call date	Maturity date	Group		Bank	
				2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Malayan Banking Berhad</b>							
<b><u>RM10.0 billion Sukuk Programme</u></b>							
RM1,240 million 4.08% AT1 Sukuk Mudharabah <sup>1</sup>	25-Sep-19	25-Sep-24	Perpetual	1,250,494	1,249,825	1,250,494	1,249,825
RM1,560 million 4.13% AT1 Sukuk Mudharabah <sup>1</sup>	25-Sep-19	25-Sep-26	Perpetual	1,577,299	1,577,298	1,577,299	1,577,298
				<b>2,827,793</b>	2,827,123	<b>2,827,793</b>	2,827,123

<sup>1</sup> The Bank may, subject to the prior consent of BNM, redeem the AT1 Sukuk Mudharabah, in whole or in part, on the first call date and on every periodic distribution date thereafter. These AT1 Sukuk Mudharabah are Basel III-compliant.

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### 33. CAPITAL SECURITIES (CONT'D.)

The movements in capital securities are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	2,827,123	3,531,029	2,827,123	3,531,029
Issuance during the financial year	-	2,800,000	-	2,800,000
Redemption during the financial year	-	(3,500,000)	-	(3,500,000)
Non-cash changes:				
Others	670	(3,906)	670	(3,906)
At 31 December	2,827,793	2,827,123	2,827,793	2,827,123

### 34. SHARE CAPITAL AND SHARE-BASED PAYMENTS

Group and Bank	2020 '000	2019 '000	2020 RM'000	2019 RM'000
<b>Issued and fully paid ordinary shares:</b>				
At 1 January	11,241,362	11,049,683	48,280,355	46,747,442
Shares issued under the:				
– Dividend Reinvestment Plan (“DRP”) issued on:				
– 7 June 2019	-	191,679	-	1,532,913
At 31 December	11,241,362	11,241,362	48,280,355	48,280,355

#### (a) Dividend Reinvestment Plan (“DRP”)

Maybank’s DRP allows shareholders of Maybank (“shareholders”) to reinvest their dividend into new ordinary share(s) in Maybank (“Maybank Shares”).

The rationales of Maybank embarking on the DRP are as follows:

- (i) To enhance and maximise shareholders’ value via the subscription of new Maybank Shares where the issue price of a new Maybank Share shall be at a discount;
- (ii) To provide the shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Bank through subscription of additional Maybank Shares without having to incur material transaction or other related costs;
- (iii) To benefit from the participation by shareholders in the DRP to the extent that if the shareholders elect to reinvest into new Maybank Shares, the cash which would otherwise be payable by way of dividend will be reinvested to fund the continuing business growth of the Bank. The DRP will not only enlarge Maybank’s share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).
- (iv) Each shareholder has the following options in respect of the Electable Portion:
  - (1) elect to receive the Electable Portion in cash; or
  - (2) elect to reinvest the entire Electable Portion into new Maybank Shares credited as fully paid-up at an issue price to be determined on a price fixing date subsequent to the receipt of all relevant regulatory approvals.

### 34. SHARE CAPITAL AND SHARE-BASED PAYMENTS (CONT'D.)

#### (b) Maybank Group Employees' Share Grant Plan ("ESGP") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP")

The ESGP is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting held on 6 April 2017 and was implemented on 14 December 2018 for a period of seven (7) years from the effective date and is administered by the ESGP Committee. The scheme was awarded to the participating Maybank Group employees who fulfil the eligibility criteria.

The ESGP consists of two (2) types of performance-based awards: Employees' Share Grant Plan ("ESGP Shares") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP"). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of Maybank Group ESGP Committee.

The ESGP Shares is a form of Restricted Share Units ("RSU") and the ESGP Committee may, from time to time during the ESGP period, make further ESGP grants designated as Supplemental ESGP to a selected group of eligible employees to participate in Supplemental ESGP. This selected group may consist of selected key executives, selected key retentions and selected senior external recruits, and such grants may contain terms and conditions which may vary from earlier ESGP grants made available to selected senior management.

The CESGP is a form of Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") and the ESGP Committee may, from time to time during the ESGP period, make further CESGP grants designated as Supplemental CESGP to a selected group of eligible employees to participate in the ESGP. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such Supplemental CESGP grants may contain terms and conditions which may vary from earlier CESGP grants made available to selected employees.

Other principal features of the ESGP are as follows:

- (1) The employees eligible to participate in the ESGP must be on the payroll of the Participating Maybank Group and have not served a notice of resignation or received a notice of termination.

Participating Maybank Group includes the Bank and its overseas branches and subsidiaries, but excluding dormant subsidiaries.

- (2) The entitlement under the ESGP for the Executive Directors, including any persons connected to the directors, is subject to the approval of the shareholders of the Bank in a general meeting.
- (3) The ESGP shall be valid for a period of seven (7) years from the effective date.

Notwithstanding the above, the Bank may terminate the ESGP at any time during the duration of the scheme subject to consent of Maybank's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of termination.

- (i) Details of ESGP Shares awarded

All the ESGP awarded by the Bank were allocated to eligible Senior Management of the Group and of the Bank. Details of shares awarded under the ESGP Shares are as follows:

Award date	Number of ESGP shares awarded		Vesting date
	Fair value RM	'000	
14.12.2018 – First Grant	7.0235	12,392	Based on 3-year cliff vesting from grant date and performance metrics
30.09.2019 – Second Grant	6.6510	13,118	
30.09.2020 – Third Grant	6.1118	13,541	

The following table illustrates the number of, and movements in, ESGP Shares during the financial year ended 31 December 2020:

Award date	Outstanding as at 01.01.2020	Movements during the financial year		Outstanding as at 31.12.2020
	'000	Awarded '000	Forfeited '000	'000
14.12.2018 – First Grant	11,711	–	(700)	11,011
30.09.2019 – Second Grant	12,944	–	(546)	12,398
30.09.2020 – Third Grant	–	13,541	(27)	13,514
	24,655	13,541	(1,273)	36,923

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### 34. SHARE CAPITAL AND SHARE-BASED PAYMENTS (CONT'D.)

#### (b) Maybank Group Employees' Share Grant Plan ("ESGP") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP") (cont'd.)

##### (ii) Fair value of ESGP Shares awarded

The fair value of ESGP Shares awarded was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the ESGP Shares were awarded. The fair value of ESGP Shares measured, closing share price at grant date and the assumptions were as follows:

	Award date		
	14.12.2018 First Grant	30.09.2019 Second Grant	30.09.2020 Third Grant
Fair value of ESGP Shares (RM)	7.0235	6.6510	6.1118
Closing share price at award date (RM)	9.37	8.51	7.22
Expected volatility (%)	14.00	13.40	16.47
Vesting period (years)	3	3	3
Risk-free rate (%)	3.65	3.15	2.01
Expected dividend yield (%)	6.17	7.03	5.35

##### (iii) Details of CESGP awarded

All the CESGP awarded by the Bank were allocated to eligible Senior Management of the Group and the Bank. Details of the CESGP awarded are as follows:

Award date	Fair value RM	Number of CESGP shares awarded '000	Vesting date
14.12.2018 – First Grant	7.0235	4,103	Based on 3-year cliff vesting from grant date and CESGP vesting conditions
30.09.2019 – Second Grant	6.6510	5,000	
30.09.2020 – Third Grant	6.1118	5,378	

The following table illustrates the number of, and movements in, CESGP during the financial year ended 31 December 2020:

Award date	Outstanding as at	Movements during the financial year		Outstanding as at
	01.01.2020 '000	Awarded '000	Forfeited '000	31.12.2020 '000
14.12.2018 – First Grant	3,878	–	(448)	3,430
30.09.2019 – Second Grant	4,992	–	(490)	4,502
30.09.2020 – Third Grant	–	5,378	(135)	5,243
	8,870	5,378	(1,073)	13,175

##### (iv) Fair value of CESGP awarded

The fair value of CESGP awarded was estimated by an external valuer using the Monte-Carlo Simulation model, taking into account the terms and conditions upon which the CESGP were awarded. The fair value of CESGP measured, closing share price at grant date and the assumptions were as follows:

	Award date		
	14.12.2018 First Grant	30.09.2019 Second Grant	30.09.2020 Third Grant
Fair value of CESGP (RM)	7.0235	6.6510	6.1118
Closing share price at award date (RM)	9.37	8.51	7.22
Expected volatility (%)	14.00	13.40	16.47
Vesting period (years)	3	3	3
Risk-free rate (%)	3.65	3.15	2.01
Expected dividend yield (%)	6.17	7.03	5.35

### 35. RETAINED PROFITS

#### (a) The Group's retained profits

The retained profits of the Group include the non-distributable Non-DPF unallocated surplus of an insurance subsidiary as a result of the Bank Negara Malaysia ("BNM") Guidelines on Financial Reporting for Insurers. This non-distributable Non-DPF unallocated surplus is only available for distribution to shareholders based on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

The movements of distributable and non-distributable retained profits of the Group are as follows:

Group	<i>Non-Distributable Non-DPF Unallocated Surplus RM'000</i>	<i>Distributable Retained Profits RM'000</i>	<i>Total Retained Profits RM'000</i>
<b>As at 31 December 2020</b>			
At 1 January 2020	536,171	26,626,728	27,162,899
Profit for the financial year	49,258	6,431,961	6,481,219
Total comprehensive income for the financial year	49,258	6,431,961	6,481,219
Transfer from non-par surplus upon recommendation by the Appointed Actuary	(25,796)	25,796	-
Net gain on disposal of financial investments at fair value through other comprehensive income	-	1,085	1,085
Transfer to statutory reserve	-	(38,468)	(38,468)
Transfer from regulatory reserve	-	656,351	656,351
Dividends paid (Note 53)	-	(4,384,131)	(4,384,131)
Dividends payable (Note 53(c)(ii))	-	(384,328)	(384,328)
Total transactions with shareholders/other equity movements	(25,796)	(4,123,695)	(4,149,491)
At 31 December 2020	559,633	28,934,994	29,494,627

Group	<i>Non-Distributable Non-DPF Unallocated Surplus RM'000</i>	<i>Distributable Retained Profits RM'000</i>	<i>Total Retained Profits RM'000</i>
<b>As at 31 December 2019</b>			
At 1 January 2019	637,141	25,348,442	25,985,583
Profit for the financial year	129,096	8,068,978	8,198,074
Total comprehensive income for the financial year	129,096	8,068,978	8,198,074
Transfer from non-par surplus upon recommendation by the Appointed Actuary	(230,066)	230,066	-
Net gain on disposal of financial investments at fair value through other comprehensive income	-	10,344	10,344
Transfer to statutory reserve	-	(40,346)	(40,346)
Transfer to regulatory reserve	-	(644,516)	(644,516)
Dividends (Note 53)	-	(6,346,240)	(6,346,240)
Total transactions with shareholders/other equity movements	(230,066)	(6,790,692)	(7,020,758)
At 31 December 2019	536,171	26,626,728	27,162,899

#### (b) The Bank's retained profits

The retained profits of the Bank as at 31 December 2020 and 31 December 2019 are distributable profits and may be distributed as dividends under the single-tier system based on the tax regulations in Malaysia.

The movements of retained profits of the Bank are disclosed in the statement of changes in equity.

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### 36. RESERVES

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-distributable:</b>					
Statutory reserve	(a)	317,823	279,355	69,518	59,502
Regulatory reserve	(b)	2,115,455	2,771,806	1,495,500	1,894,921
Other reserves	(c)	(312,801)	(333,649)	12,805	(345)
FVOCI reserve	2.3(v)(b)(2)	4,572,569	2,973,151	3,261,447	2,260,271
Exchange fluctuation reserve	2.3(xviii)(c)	(127,567)	399,826	2,241,350	2,308,456
ESGP reserve	2.3(xxv)(e)	96,186	37,195	96,186	37,195
		<b>6,661,665</b>	<b>6,127,684</b>	<b>7,176,806</b>	<b>6,560,000</b>

- (a) The statutory reserves are maintained in compliance with the requirements of certain Central Banks of the respective countries in which the Group and the Bank operate and are not distributable as cash dividends.
- (b) Regulatory reserve is maintained in aggregate, loss allowance for non-credit impaired exposures (commonly known as Stage 1 and Stage 2 provisions) that has been assessed and recognised in accordance with MFRS and which has been transferred from the retained profits, in accordance with BNM's Financial Reporting Policy document.
- (c) Other reserves

Group	Capital Reserve (Note 36(c)(i)) RM'000	Revaluation Reserve (Note 36(c)(ii)) RM'000	Defined Benefit Reserve RM'000	Hedge Reserve (Note 13) RM'000	Total Other Reserves RM'000
<b>As at 31 December 2020</b>					
At 1 January 2020	14,244	(2,712)	21,141	(366,322)	(333,649)
Other comprehensive (loss)/income	(2,152)	-	6,928	16,072	20,848
Defined benefit plan actuarial gain	-	-	6,928	-	6,928
Net gain on net investment hedge	-	-	-	2,922	2,922
Cost of hedging for fair value hedge	-	-	-	13,150	13,150
Net loss on capital reserve	(2,152)	-	-	-	(2,152)
Total comprehensive (loss)/income for the financial year	(2,152)	-	6,928	16,072	20,848
At 31 December 2020	12,092	(2,712)	28,069	(350,250)	(312,801)

Group	Capital Reserve (Note 36(c)(i)) RM'000	Revaluation Reserve (Note 36(c)(ii)) RM'000	Defined Benefit Reserve RM'000	Hedge Reserve (Note 13) RM'000	Total Other Reserves RM'000
<b>As at 31 December 2019</b>					
At 1 January 2019	13,557	(2,712)	16,503	(367,100)	(339,752)
Other comprehensive income	687	-	4,638	778	6,103
Defined benefit plan actuarial gain	-	-	4,638	-	4,638
Net gain on net investment hedge	-	-	-	1,556	1,556
Net loss on cash flow hedge	-	-	-	(433)	(433)
Cost of hedging for fair value hedge	-	-	-	(345)	(345)
Net gain on capital reserve	687	-	-	-	687
Total comprehensive income for the financial year	687	-	4,638	778	6,103
At 31 December 2019	14,244	(2,712)	21,141	(366,322)	(333,649)

- (i) The capital reserve of the Group arose from the corporate exercises undertaken by certain subsidiaries in previous years.
- (ii) Revaluation reserve relates to the transfer of self-occupied properties to investment properties subsequent to the change on occupation intention.

### 37. OPERATING REVENUE

The Group operating revenue comprises of all types of revenue derived from the business of banking, income from Islamic Banking Scheme (“IBS”) operations, finance, investment banking, general and life insurance (including takaful), stockbroking, leasing and factoring, trustee and nominee services, asset management and venture capital but excluding all transactions between related companies.

The Bank operating revenue comprises of gross interest income, gross fee and gross commission income, investment income, gross dividends and other income derived from banking and finance operations.

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	38	19,350,764	24,131,021	12,959,184	16,121,944
Income derived from investment of depositors' funds	65(b)	8,577,690	9,538,085	-	-
Income derived from investment of investment account funds	65(b)	1,008,062	1,051,729	-	-
Income derived from investment of Islamic Banking Funds	65(b)	468,227	500,831	-	-
Net earned insurance premiums	40	9,458,856	6,760,618	-	-
Dividends from subsidiaries and associates	41	-	-	2,640,114	3,648,227
Other operating income	42	7,299,202	7,276,998	4,161,005	3,875,737
Excluding non-operating revenue which comprises the following items:					
- Interest expense on derivatives*		4,747,544	3,452,571	4,698,499	3,240,919
- Direct costs on brokerage and commission income		300,100	180,978	-	-
- (Gain)/loss on disposal/change in structure of deemed controlled structured entities	42	(3,128)	(67,700)	3,275	(7,751)
- Loss on disposal of subsidiaries	42	10,161	158,531	-	113,470
- (Gain)/loss on liquidation/disposal of interest in associates	42	-	(1,163)	-	2,193
- Rental income	42	(30,547)	(37,147)	(56,607)	(29,780)
- Gain on disposal of property, plant and equipment	42	(20,791)	(6,213)	(17,279)	(2,203)
- Gain on sale and leaseback transaction	42	-	(1,540)	-	(1,540)
- Fair value adjustments on investment properties	42	(18,522)	(22,781)	-	-
- Other non-operating income	42	(116,653)	(47,087)	(26,415)	(32,316)
		12,167,366	10,885,447	8,762,478	7,158,729
		51,030,965	52,867,731	24,361,776	26,928,900

\* Interest expense on derivatives forms part of the “realised gain on derivatives” as disclosed in Note 42.

### 38. INTEREST INCOME

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans, advances and financing <sup>1</sup>	13,601,081	17,476,614	8,410,182	10,618,598
Money at call and deposits and placements with financial institutions	439,373	779,954	465,048	1,064,615
Financial assets purchased under resale agreements	258,263	199,153	99,626	104,470
Financial assets at FVTPL	1,090,594	1,098,729	361,139	311,220
Financial investments at FVOCI	2,831,750	3,451,771	2,169,608	2,672,269
Financial investments at amortised cost	1,198,124	974,453	1,215,028	967,190
	19,419,185	23,980,674	12,720,631	15,738,362
(Amortisation of premiums)/accretion of discounts, net	(68,421)	150,347	238,553	383,582
	19,350,764	24,131,021	12,959,184	16,121,944

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM339,413,000 (2019: RM414,032,000) for the Group and RM242,627,000 (2019: RM290,158,000) for the Bank.

<sup>1</sup> Included the net effects under government support measures to assist borrowers and customers adversely impacted by COVID-19 amounting to RM74,240,000 for the Group and RM48,979,000 for the Bank.

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### 38. INTEREST INCOME (CONT'D.)

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial assets modified during the financial year</b>				
Amortised cost before modification	211,996,816	1,833,846	73,523,568	702,932
Modification (loss)/gain	(939,209)	15,777	(242,313)	10,425
Amortised cost after modification	211,057,607	1,849,623	73,281,255	713,357
<b>Financial assets modified since initial recognition</b>				
Gross carrying amount at 31 December of financial assets for which loss allowance has changed to 12-month measurement during the financial year	63,426	162,388	19,635	119,431

### 39. INTEREST EXPENSE

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits and placements from financial institutions	549,202	1,121,914	644,718	1,323,778
Deposits from customers	5,573,679	8,083,741	3,039,755	4,868,513
Loans sold to Cagamas	20,755	64,750	20,755	64,750
Obligations on financial assets sold under repurchase agreements	210,856	227,525	275,118	348,876
Borrowings	1,040,371	1,347,241	632,303	783,486
Subordinated notes	523,956	536,374	408,272	440,834
Subordinated bonds	-	5,535	-	-
Capital securities	116,005	184,560	116,005	184,560
Structured deposits	62,126	146,992	8,087	10,638
Financial liabilities at fair value through profit or loss	163,425	317,384	163,425	317,384
	8,260,375	12,036,016	5,308,438	8,342,819

### 40. NET EARNED INSURANCE PREMIUMS

Group	2020 RM'000	2019 RM'000
Gross earned premiums	11,154,401	7,872,317
Premiums ceded to reinsurers	(1,695,545)	(1,111,699)
	9,458,856	6,760,618

### 41. DIVIDENDS FROM SUBSIDIARIES AND ASSOCIATES

Bank	2020 RM'000	2019 RM'000
Gross dividend income from:		
Subsidiaries	2,639,337	3,647,538
Associates	777	689
	2,640,114	3,648,227



## 42. OTHER OPERATING INCOME

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Fee income:</b>				
Commission	1,263,020	1,442,717	786,130	950,740
Service charges and fees	1,349,038	1,396,071	792,397	902,687
Underwriting fees	31,826	57,085	12,268	21,720
Brokerage income	493,009	309,037	-	-
Fees on loans, advances and financing	237,004	225,703	154,757	127,162
	<b>3,373,897</b>	<b>3,430,613</b>	<b>1,745,552</b>	<b>2,002,309</b>
<b>Investment income:</b>				
Net gain/(loss) on disposal of financial assets at FVTPL				
– Designated upon initial recognition	203,048	157,351	-	-
– Financial investments at FVTPL	(186,657)	380,898	134,605	259,162
Net gain on disposal of financial investments at FVOCI	1,876,108	1,138,298	1,517,671	1,056,482
Net gain on redemption of financial investments at amortised cost	-	48	-	48
Net gain/(loss) on disposal/change in structure of deemed controlled structured entities	3,128	67,700	(3,275)	7,751
Net loss on disposal of subsidiaries	(10,161)	(158,531)	-	(113,470)
Net gain/(loss) on liquidation/disposal of interest in associates	-	1,163	-	(2,193)
	<b>1,885,466</b>	<b>1,586,927</b>	<b>1,649,001</b>	<b>1,207,780</b>
<b>Gross dividend income from:</b>				
Financial investments at FVOCI				
– Quoted in Malaysia	17,746	12,888	-	1,166
– Unquoted in Malaysia	1,547	1,378	1,546	1,171
– Quoted outside Malaysia	10,506	4,803	-	-
– Unquoted outside Malaysia	366	31	-	-
	<b>30,165</b>	<b>19,100</b>	<b>1,546</b>	<b>2,337</b>
Financial assets at FVTPL				
– Quoted in Malaysia	52,709	45,634	-	-
– Quoted outside Malaysia	15,238	25,844	-	-
– Unquoted in Malaysia	6,043	7,937	4,256	4,256
	<b>73,990</b>	<b>79,415</b>	<b>4,256</b>	<b>4,256</b>
	<b>104,155</b>	<b>98,515</b>	<b>5,802</b>	<b>6,593</b>
<b>Unrealised gain/(loss) on revaluation of:</b>				
Financial assets designated upon initial recognition at FVTPL	282,533	978,010	-	-
Financial investments at FVTPL	483,350	404,153	114,255	52,261
Financial liabilities at FVTPL	94,503	(529,607)	94,503	(529,607)
Derivatives	1,013,953	145,715	852,030	178,380
Loans, advances and financing	479	(10,573)	479	(10,573)
	<b>1,874,818</b>	<b>987,698</b>	<b>1,061,267</b>	<b>(309,539)</b>
<b>Other income:</b>				
Foreign exchange gain, net	455,171	732,581	315,223	650,042
Realised (loss)/gain on derivatives	(626,940)	354,500	(639,467)	499,224
Realised loss on financial liabilities at FVTPL	(87,217)	(283,118)	(87,217)	(283,118)
Rental income	30,547	37,147	56,607	29,780
Gain on disposal of property, plant and equipment	20,791	6,213	17,279	2,203
Gain on sale and leaseback transaction	-	1,540	-	1,540
(Loss)/gain on disposal of foreclosed properties	(14,162)	18,001	-	-
Fair value adjustments on investment properties (Note 16)	18,522	22,781	-	-
Other operating income	147,501	236,513	10,543	36,607
Other non-operating income	116,653	47,087	26,415	32,316
	<b>60,866</b>	<b>1,173,245</b>	<b>(300,617)</b>	<b>968,594</b>
Total other operating income	<b>7,299,202</b>	<b>7,276,998</b>	<b>4,161,005</b>	<b>3,875,737</b>

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### 43. NET INSURANCE BENEFITS AND CLAIMS INCURRED, NET FEE AND COMMISSION EXPENSES, CHANGE IN EXPENSE LIABILITIES AND TAXATION OF LIFE AND TAKAFUL FUND

Group	2020 RM'000	2019 RM'000
Gross benefits and claims paid	4,105,104	4,173,899
Claims ceded to reinsurers	(442,401)	(641,415)
Gross change to contract liabilities	6,760,466	3,727,700
Change in contract liabilities ceded to reinsurers	(1,565,281)	(335,004)
<b>Net insurance benefits and claims incurred</b>	<b>8,857,888</b>	<b>6,925,180</b>
Net fee and commission expenses	284,481	300,989
Change in expense liabilities	28,562	32,497
Taxation of life and takaful fund	49,872	112,652
<b>Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund</b>	<b>362,915</b>	<b>446,138</b>
	<b>9,220,803</b>	<b>7,371,318</b>

### 44. OVERHEAD EXPENSES

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Personnel expenses</b>				
Salaries, allowances and bonuses	4,999,856	5,008,059	2,567,911	2,592,327
Social security cost	43,999	44,627	22,141	22,487
Pension costs – defined contribution plan	594,817	596,328	382,915	388,039
ESGP expenses <sup>1</sup>	80,775	43,290	42,627	25,762
Other staff related expenses	843,742	932,733	414,163	549,059
	<b>6,563,189</b>	<b>6,625,037</b>	<b>3,429,757</b>	<b>3,577,674</b>
<b>Establishment costs</b>				
Depreciation of property, plant and equipment (Note 20)	311,984	297,231	101,097	116,073
Depreciation of right-of-use assets (Note 21)	450,736	389,273	113,197	108,371
Amortisation of agency force (Note 22)	3,136	3,814	–	–
Amortisation of customer relationship (Note 22)	415	1,246	–	–
Amortisation of computer software (Note 22)	283,348	247,363	56,520	49,533
Rental of leasehold land and premises	30,408	72,993	7,265	15,342
Repairs and maintenance of property, plant and equipment	173,040	174,570	77,125	89,586
Information technology expenses	563,795	604,387	891,927	833,131
Finance cost on lease liabilities (Note 27(iv))	49,769	66,353	13,550	16,186
Others	25,826	48,502	3,332	3,127
	<b>1,892,457</b>	<b>1,905,732</b>	<b>1,264,013</b>	<b>1,231,349</b>
<b>Marketing expenses</b>				
Advertisement and publicity	120,957	197,835	52,179	83,784
Others	254,129	398,878	110,688	232,006
	<b>375,086</b>	<b>596,713</b>	<b>162,867</b>	<b>315,790</b>
<b>Administration and general expenses</b>				
Fees and brokerage	1,000,292	1,043,203	697,599	661,545
Administrative expenses	586,528	602,471	187,359	199,861
General expenses	787,740	769,669	280,497	272,403
Others	39,885	19,114	9,258	11,428
	<b>2,414,445</b>	<b>2,434,457</b>	<b>1,174,713</b>	<b>1,145,237</b>
Overhead expenses allocated to subsidiaries	–	–	(1,247,162)	(1,249,465)
<b>Total overhead expenses</b>	<b>11,245,177</b>	<b>11,561,939</b>	<b>4,784,188</b>	<b>5,020,585</b>
Cost to income ratio <sup>2</sup>	<b>45.4%</b>	<b>46.7%</b>	<b>33.1%</b>	<b>32.8%</b>

#### 44. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in overhead expenses are:				
Directors' fees and remuneration (Note 45)	21,662	19,815	17,118	15,756
Rental of equipment	36,424	69,359	3,597	5,435
Direct operating expenses of investment properties	5,639	5,617	-	-
Auditors' remuneration:				
Statutory audit:	21,631	20,571	9,970	9,815
- Ernst & Young PLT	8,823	9,088	5,980	6,044
- Other member firms of Ernst & Young Global	12,425	11,041	3,745	3,509
- Other auditors <sup>3</sup>	383	442	245	262
Assurance and compliance related services:				
- Reporting accountants, review engagements and regulatory-related services	6,053	6,720	3,885	4,278
Non-audit services:				
- Other services	1,360	3,562	1,194	1,691
Employee benefit expenses (Note 27(i)(b))	108,353	88,117	-	-
Property, plant and equipment written off (Note 20)	630	285	77	207
Intangible assets written off (Note 22)	437	2,671	437	2,671
Impairment of intangible assets (Note 22)	23,271	-	-	-
Expenses of short-term leases	44,491	50,024	34,609	12,041
Expenses of low value assets	9,578	40,706	9,330	39,196

<sup>1</sup> ESGP expenses comprise cash-settled and equity-settled share-based payment transactions. The amount arising from equity-settled share-based payment transactions for the Group and the Bank are approximately RM58,991,000 and RM40,459,000 (2019: RM37,195,000 and RM23,335,000) respectively.

<sup>2</sup> Cost to income ratio is computed using total cost over the net operating income. Total cost of the Group is the total overhead expenses, excluding amortisation of intangible assets for Maybank Kim Eng Holdings Limited of RM3,551,000 (2019: RM5,060,000). Income refers to net operating income amount as disclosed on the face of income statements.

<sup>3</sup> Relates to fees paid and payable to accounting firms other than Ernst & Young PLT and other members of Ernst & Young Global.

#### 45. DIRECTORS' FEES AND REMUNERATION

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Directors of the Bank:</b>				
Executive directors:				
Salary	2,760	2,760	2,760	2,760
Bonus	2,587	2,587	2,587	2,587
Pension cost – defined contribution plan	1,038	993	1,038	993
ESGP expenses	1,478	869	1,478	869
Other remuneration	1,441	1,150	1,441	1,150
Estimated monetary value of benefits-in-kind	96	75	96	75
	9,400	8,434	9,400	8,434
Non-executive directors:				
Fees	9,019	8,313	5,135	4,877
Other remuneration	3,339	3,143	2,679	2,520
Estimated monetary value of benefits-in-kind	374	401	212	236
	12,732	11,857	8,026	7,633
Sub-total for directors of the Bank	22,132	20,291	17,426	16,067
Indemnity given to or insurance effected for any directors	1,109	1,108	1,031	1,032

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### 45. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total (including benefits-in-kind and indemnity given to or insurance effected for any directors) (Note 50(a)(iii))	23,241	21,399	18,457	17,099
Total (excluding benefits-in-kind and indemnity given to or insurance effected for any directors) (Note 44)	21,662	19,815	17,118	15,756

The Bank maintained on group basis, a Directors' and Officers' Liability Insurance against any legal liability incurred by the Directors in the discharge of their duties while holding office for the Bank. The Directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

The remuneration attributable to the Group President & Chief Executive Officer of the Bank including benefits-in-kind during the financial year amounted to RM9,400,000 (2019: RM8,434,000).

The total remuneration (including benefits-in-kind) of the directors of the Group and of the Bank are as follows:

	Group				Bank			
	Fees RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000	Fees RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000
<b>2020</b>								
<b>Executive director:</b>								
Datuk Abdul Farid bin Alias	–	9,304	96	9,400	–	9,304	96	9,400
<b>Non-executive directors:</b>								
Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa <sup>1</sup>	100	91	30	221	100	91	30	221
Datuk Mohaiyani binti Shamsudin <sup>2</sup>	903	578	109	1,590	510	535	109	1,154
Datuk R. Karunakaran	1,247	276	44	1,567	490	160	20	670
Mr Cheng Kee Check	580	224	1	805	475	212	1	688
Mr Edwin Gerungan	1,050	212	126	1,388	460	163	16	639
Dr Hasnita binti Dato' Hashim	653	196	12	861	385	156	12	553
Mr Anthony Brent Elam	862	359	2	1,223	460	210	2	672
Ms Che Zakiah binti Che Din	830	325	1	1,156	460	236	1	697
Ms Fauziah binti Hisham	745	224	1	970	475	212	1	688
Mr Shariffuddin bin Khalid	726	256	5	987	415	184	5	604
Dato' Idris bin Kechot	623	286	10	919	430	240	10	680
Dato' Zulkiflee Abbas bin Abdul Hamid	700	312	33	1,045	475	280	5	760
	9,019	3,339	374	12,732	5,135	2,679	212	8,026
<b>Total directors' remuneration</b>	<b>9,019</b>	<b>12,643</b>	<b>470</b>	<b>22,132</b>	<b>5,135</b>	<b>11,983</b>	<b>308</b>	<b>17,426</b>

\* Includes bonus, pension cost, ESGP expenses, allowances, social allowances, long term cash award, leave passage and reimbursements.

<sup>1</sup> Appointed on 2 November 2020.

<sup>2</sup> Retired on 1 November 2020.

#### 45. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the directors of the Group and of the Bank are as follows (cont'd.):

	Group				Bank			
	Fees RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000	Fees RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000
<b>2019</b>								
<b>Executive director:</b>								
Datuk Abdul Farid bin Alias	–	8,359	75	8,434	–	8,359	75	8,434
<b>Non-executive directors:</b>								
Datuk Mohaiyani binti Shamsudin	1,083	648	67	1,798	610	610	67	1,287
Datuk R. Karunakaran	1,246	284	69	1,599	490	152	45	687
Mr Cheng Kee Check	610	256	2	868	505	244	2	751
Mr Edwin Gerungan	1,040	268	169	1,477	460	218	43	721
Dr Hasnita binti Dato' Hashim	642	178	10	830	396	144	10	550
Mr Anthony Brent Elam	863	453	7	1,323	460	264	7	731
Ms Che Zakiah binti Che Din	725	283	1	1,009	460	212	1	673
Ms Fauziah binti Hisham	670	216	7	893	475	208	7	690
Mr Shariffuddin bin Khalid	633	235	13	881	432	196	13	641
Dato' Idris bin Kechot <sup>1</sup>	266	120	1	387	248	116	1	365
Dato' Zulkiflee Abbas bin Abdul Hamid <sup>2</sup>	268	104	8	380	154	84	1	239
Mr Nor Hizam bin Hashim <sup>3</sup>	267	98	47	412	187	72	39	298
	8,313	3,143	401	11,857	4,877	2,520	236	7,633
<b>Total directors' remuneration</b>	8,313	11,502	476	20,291	4,877	10,879	311	16,067

\* Includes bonus, pension cost, ESGP expenses, allowances, social allowances, long term cash award, leave passage and reimbursements.

<sup>1</sup> Appointed on 15 May 2019.

<sup>2</sup> Appointed on 15 August 2019.

<sup>3</sup> Retired on 12 June 2019.

#### 46. ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES, FINANCING AND OTHER DEBTS, NET

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Allowances for impairment losses on loans, advances and financing:				
– Stage 1 – 12-month ECL, net	235,549	(765,539)	248,901	(295,560)
– Stage 2 – Lifetime ECL not credit impaired, net	2,498,625	(259,009)	1,652,313	(20,253)
– Stage 3 – Lifetime ECL credit impaired, net	2,156,971	3,634,615	804,912	2,311,494
	4,891,145	2,610,067	2,706,126	1,995,681
Bad debts and financing:				
– Written-off	93,880	97,320	65,844	58,698
– Recovered	(397,700)	(430,120)	(214,952)	(191,672)
Net	(303,820)	(332,800)	(149,108)	(132,974)
Allowances for impairment losses on other debts	11,256	10,223	1,257	12,636
	4,598,581	2,287,490	2,558,275	1,875,343

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### 47. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS, NET

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial investments at FVOCI				
– Stage 1 – 12-month ECL, net	13,802	(4,490)	3,210	(8,196)
– Stage 2 – Lifetime ECL not credit impaired, net	841	(1,031)	37	(923)
– Stage 3 – Lifetime ECL credit impaired, net	(4,550)	(42,821)	(3,879)	(28,990)
	10,093	(48,342)	(632)	(38,109)
Financial investments at amortised cost				
– Stage 1 – 12-month ECL, net	31,375	(3,678)	7,067	(5,481)
– Stage 2 – Lifetime ECL not credit impaired, net	368,337	(4,758)	138,918	(4,785)
– Stage 3 – Lifetime ECL credit impaired, net	4,113	36,378	4,113	36,378
	403,825	27,942	150,098	26,112
	413,918	(20,400)	149,466	(11,997)

### 48. ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS, NET

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and short-term funds				
– Stage 1 – 12-month ECL, net	(4,313)	(13,318)	(5,808)	(12,228)
	(4,313)	(13,318)	(5,808)	(12,228)
Deposit and placements with financial institutions				
– Stage 1 – 12-month ECL, net	(21,503)	32,955	(19,233)	18,590
	(21,503)	32,955	(19,233)	18,590
Financial assets purchased under resale agreements				
– Stage 1 – 12-month ECL, net	4,760	1,990	1,279	(1,072)
	4,760	1,990	1,279	(1,072)
Reinsurance/retakaful assets and other insurance receivables				
– Stage 1 – 12-month ECL, net	13,108	31,377	–	–
	13,108	31,377	–	–
Other assets				
– Stage 1 – 12-month ECL, net	(806)	1,087	–	–
– Stage 2 – Lifetime ECL not credit impaired, net	(13)	(71)	–	–
– Stage 3 – Lifetime ECL credit impaired, net	64,974	2,324	54,688	(1,515)
	64,155	3,340	54,688	(1,515)
Statutory deposit with central banks				
– Stage 1 – 12-month ECL, net	1,534	–	–	–
	1,534	–	–	–
	57,741	56,344	30,926	3,775

#### 49. TAXATION AND ZAKAT

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian income tax	1,516,016	2,223,370	995,182	1,107,255
Foreign income tax	299,988	464,067	75,195	95,541
Less: Double taxation relief	(70,655)	(85,811)	(70,655)	(85,811)
	1,745,349	2,601,626	999,722	1,116,985
(Over)/under provision in respect of prior year:				
Malaysian income tax	(30,952)	143,175	(9,997)	177,463
Foreign income tax	(40,697)	(178,728)	(39,174)	(177,138)
	1,673,700	2,566,073	950,551	1,117,310
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	226,758	(67,263)	13,332	18,773
Tax expense for the financial year	1,900,458	2,498,810	963,883	1,136,083
Zakat	37,419	39,421	-	-
	1,937,877	2,538,231	963,883	1,136,083

The Group's and the Bank's effective tax rate for the financial year ended 31 December 2020 was lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

Domestic income tax for the Bank is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated chargeable profit for the financial year.

Taxation for foreign subsidiaries in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation	8,656,956	11,013,880	6,929,010	8,415,383
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	2,077,669	2,643,331	1,662,962	2,019,692
Different tax rates in other countries	(26,761)	(69,329)	5,033	5,046
Income not subject to tax	(257,899)	(154,932)	(723,737)	(993,880)
Expenses not deductible for tax purposes	298,575	193,725	68,796	104,900
(Over)/under provision in income tax expense in prior years	(71,649)	(35,553)	(49,171)	325
Share of profits in associates and joint ventures	(119,477)	(78,432)	-	-
Tax expense for the financial year	1,900,458	2,498,810	963,883	1,136,083

## Notes to the Financial Statements

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### 50. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly. The key management personnel includes all the directors and chief executive officers of the Group and of the Bank.

The Group and the Bank have related party relationships with their substantial shareholders, subsidiaries, associates and key management personnel.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows:

#### (a) Significant related party transactions

##### (i) Subsidiaries

	Note	Bank	
		2020 RM'000	2019 RM'000
Income:			
Interest on deposits		1,603,643	1,604,342
Dividend income	41	2,639,337	3,647,538
Other income		318,003	283,005
		<b>4,560,983</b>	5,534,885
Expenditure:			
Interest on deposits		199,860	323,300
Other expenses	(A)	757,428	712,110
		<b>957,288</b>	1,035,410
Others:			
ESGP expenses charged to subsidiaries		21,842	13,860
Overhead expenses allocated to subsidiaries	44	1,247,162	1,249,465
		<b>1,269,004</b>	1,263,325

(A) Other expenses analysed by type of intercompany charges and by geographical locations are as follows:

	Malaysia RM'000	Singapore RM'000	Total RM'000
<b>2020</b>			
Information technology expenses	693,687	–	693,687
Research fees	4,178	13,618	17,796
Insurance premiums	34,970	–	34,970
Others	1,631	9,344	10,975
	<b>734,466</b>	<b>22,962</b>	<b>757,428</b>
<b>2019</b>			
Information technology expenses	604,229	–	604,229
Research fees	7,020	18,990	26,010
Insurance premiums	36,492	87	36,579
Others	42,729	2,563	45,292
	<b>690,470</b>	<b>21,640</b>	<b>712,110</b>

Transactions between the Bank and its subsidiaries are eliminated on consolidation at Group level.



## 50. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows (cont'd.):

### (a) Significant related party transactions (cont'd.)

#### (ii) Associates

	Bank	
	2020 RM'000	2019 RM'000
Income:		
Dividend income (Note 41)	777	689

There were no significant transactions with joint ventures for the financial year ended 31 December 2020.

#### (iii) Key management personnel

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Short-term employee benefits</b>				
- Fees	25,321	24,736	5,135	4,877
- Salaries, allowances and bonuses	63,747	61,242	9,467	9,017
- Pension cost – defined contribution plan	5,666	5,202	1,038	993
- Other staff benefits	9,331	7,349	308	311
<b>Share-based payment</b>				
- ESGP expenses	10,481	4,995	1,478	869
<b>Others</b>				
- Indemnity given to or insurance effected for any directors (Note 45)	1,109	1,108	1,031	1,032
	<b>115,704</b>	104,632	<b>18,457</b>	17,099

Included in the total key management personnel compensation are:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' remuneration including benefits-in-kind and indemnity given to or insurance effected for any directors (Note 45)	23,241	21,399	18,457	17,099

The number of shares awarded for ESGP Shares and CESGP to key management personnel are as follows:

#### (a) ESGP Shares

	Group		Bank	
	2020 '000	2019 '000	2020 '000	2019 '000
At 1 January	2,820	1,505	600	300
Adjustment*	346	(134)	-	-
Awarded	1,421	1,449	300	300
At 31 December	<b>4,587</b>	2,820	<b>900</b>	600

\* Adjustment relates to changes in key management personnel during the financial year.

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### 50. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows (cont'd.):

#### (a) Significant related party transactions (cont'd.)

##### (iii) Key management personnel (cont'd.)

The number of shares awarded for ESGP Shares and CESGP to key management personnel are as follows (cont'd.):

##### (b) CESGP

	Group		Bank	
	2020 '000	2019 '000	2020 '000	2019 '000
At 1 January	891	386	–	–
Adjustment*	102	56	–	–
Awarded	374	449	–	–
At 31 December	1,367	891	–	–

\* Adjustment relates to changes in key management personnel during the financial year.

#### (b) Significant related party balances

##### (i) Subsidiaries

	Bank	
	2020 RM'000	2019 RM'000
Amounts due from:		
Current accounts and deposits	16,215,093	24,976,516
Financial assets purchased under resale agreement	454,652	–
Loans, advances and financing	32,933,865	19,475,825
Interest and other receivable on deposits	237,799	198,045
Corporate bonds and sukuk	7,724,049	6,216,846
Derivative assets	533,147	186,529
	58,098,605	51,053,761
Amounts due to:		
Current accounts and deposits	6,799,956	15,450,995
Obligations on financial assets sold under repurchase agreements	22,338,004	14,831,281
Interest payable on deposits	1,889	2,537
Deposits and other creditors	2,654,712	3,952,630
Derivative liabilities	435,247	193,905
	32,229,808	34,431,348
Commitments and contingencies	276,505	363,397

Balances between the Bank and its subsidiaries are eliminated on consolidation at Group level.

##### (ii) Associates

	Bank	
	2020 RM'000	2019 RM'000
Amounts due from:		
Current accounts and deposits	4,202	4,537

There were no significant balances with joint ventures as at 31 December 2020.

## 50. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows (cont'd.):

### (b) Significant related party balances (cont'd.)

#### (iii) Key management personnel

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans, advances and financing	63,041	80,210	7,425	8,056
Deposits from customers	129,203	105,346	28,391	24,333

The balances relate to transactions with key management personnel of the Group.

### (c) Government-related entities

Permodalan Nasional Berhad ("PNB"), a government-linked entity and a shareholder with significant influence on the Bank, with direct shareholding of 7.24% (2019: 7.80%) and indirect shareholding of 35.39% (2019: 34.42%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera) as at 31 December 2020. PNB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Bank.

All the transactions entered into by the Group and the Bank with the government-related entities are conducted in the ordinary course of the Group's and of the Bank's business on terms comparable to those with other entities that are not government-related. The Group has established credit policies, pricing strategy and approval process for loans and financing, which are independent of whether the counterparties are government-related entities or not.

#### (i) Individually significant transactions and balances with PNB due to its size of transactions:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Transactions during the financial year:</b>				
Interest and finance income	218,495	311,034	88,503	124,853
<b>Balances as at reporting dates:</b>				
Loans, advances and financing	7,210,036	7,626,623	3,658,837	3,675,115

#### (ii) Collectively, but not individually, significant transactions

The Group has transactions with other government-related entities including but not limited to provision of loans and financing, deposits placement, brokerage services and underwriting of insurance and takaful.

For the financial year ended 31 December 2020, management estimates that the aggregate amount of the significant transactions with other government-related entities for the Group is at 0.7% (2019: 0.7%) and the Bank is at 0.01% (2019: 0.02%) of their total interest and finance income.

For the financial year ended 31 December 2020, management estimates that the aggregate amount of the significant balances due from other government-related entities for the Group and the Bank are 0.9% and 0.09% (2019: 0.8% and 0.02%) respectively of their total loans, advances and financing.

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### 51. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

The credit exposures disclosed below are based on the requirement of Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

Based on these guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder of the Bank and his close relatives;
- (iii) Influential shareholder of the Bank and his close relatives;
- (iv) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling activities of the Bank and his close relatives;
- (v) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually and their close relatives;
- (vi) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (v) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vii) Any person for whom the persons listed in (i) to (v) above is a guarantor; and
- (viii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed below include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments.

	Group		Bank	
	2020	2019	2020	2019
Outstanding credit exposures with connected parties (RM'000)	23,847,402	15,154,533	21,608,355	19,497,359
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	2.9%	1.9%	4.7%	4.3%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	–	–	–	–

\* Impaired refers to non-performing as stated in Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

### 52. EARNINGS PER SHARE (“EPS”)

#### (a) Basic EPS

The basic EPS of the Group and of the Bank are calculated by dividing the net profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
	2020	2019	2020	2019
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	6,481,219	8,198,074	5,965,127	7,279,300
Weighted average number of ordinary shares in issue ('000)	11,241,362	11,161,496	11,241,362	11,161,496
Basic earnings per share (sen)	57.7	73.5	53.1	65.2

#### (b) Diluted EPS

The Group and the Bank has no dilution in its earnings per ordinary share in the current and the preceding financial year as there are no dilutive potential ordinary shares.

## 53. DIVIDENDS

Group and Bank	Net dividends per share			
	2020 RM'000	2019 RM'000	2020 sen	2019 sen
Single-tier second interim cash dividend of 39.0 sen in respect of the financial year ended 31 December 2019 (Note 53(c)(i))	4,384,131	–	39.00	–
Final dividend of 32.0 sen single-tier dividend in respect of the financial year ended 31 December 2018	–	3,535,899	–	32.00
First single-tier interim dividend of 25.0 sen in respect of the financial year ended 31 December 2019	–	2,810,341	–	25.00
	4,384,131	6,346,240	39.00	57.00

### (a) Proposed final dividend

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2020 of 38.5 sen single-tier dividend per ordinary share amounting to dividend payable of RM4,394,387,936 (based on 11,413,994,640 ordinary shares including new ordinary shares issue on 15 January 2021 pursuant to DRP) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 17.5 sen per ordinary share to be paid in cash amounting to RM1,997,449,062 and an electable portion of 21.0 sen per ordinary share amounting to RM2,396,938,874.

The electable portion can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan ("DRP") as disclosed in Note 34(a) and subject to the relevant regulatory approvals as well as shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year ended 31 December 2020 do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the next financial year ending 31 December 2021.

### (b) Dividend Reinvestment Plan ("DRP")

The Bank via the announcement on 25 March 2010 proposed to undertake a recurrent and optional DRP that allows shareholders of the Bank to reinvest electable portion of their dividends into new ordinary share(s) in the Bank.

Details of the DRP are disclosed in Note 34(a).

### (c) Dividends paid/payable during the financial year

(i) The single-tier second interim cash dividend of 39.0 sen per ordinary share amounting to RM4,384,131,136 in respect of the previous financial year ended 31 December 2019 was paid on 6 May 2020.

(ii) The single-tier interim dividend of an electable portion of 13.5 sen per ordinary share, on 11,241,361,887 ordinary shares amounting to RM1,517,583,477 which can be elected to be reinvested in new Maybank shares in accordance with the DRP, in respect of the current financial year ended 31 December 2020, was declared by the Board of Directors on 27 November 2020.

The financial statements for the current financial year ended 31 December 2020 record a portion of an electable portion of the dividends assumed to be paid in cash in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components).

The book closure date and the payment date for the single-tier interim dividend and DRP were fixed on 18 December 2020 and 15 January 2021 respectively.

### (d) Dividends paid by Maybank's subsidiaries to non-controlling interests

Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM89,507,000 during the financial year ended 31 December 2020 (2019: RM110,672,000).

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### 54. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group and of the Bank are as follows:

	2020			2019		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<b>Group</b>						
<b>Contingent liabilities</b>						
Direct credit substitutes	10,940,746	9,408,679	6,667,779	11,651,981	10,549,467	6,180,568
Certain transaction-related contingent items	14,338,122	6,901,117	4,717,191	17,933,219	8,010,772	4,956,866
Short-term self-liquidating trade-related contingencies	2,788,743	715,672	419,682	2,963,469	614,984	378,984
	<b>28,067,611</b>	<b>17,025,468</b>	<b>11,804,652</b>	<b>32,548,669</b>	<b>19,175,223</b>	<b>11,516,418</b>
<b>Commitments</b>						
Irrevocable commitments to extend credit:						
– Maturity within one year	128,087,058	13,806,768	4,562,969	120,543,741	12,568,585	5,201,397
– Maturity exceeding one year	39,195,697	55,482,054	26,617,515	43,154,904	43,431,330	19,424,913
	<b>167,282,755</b>	<b>69,288,822</b>	<b>31,180,484</b>	<b>163,698,645</b>	<b>55,999,915</b>	<b>24,626,310</b>
Miscellaneous commitments and contingencies	5,728,133	986,226	371,132	8,965,841	836,389	88,766
Total credit-related commitments and contingencies	<b>201,078,499</b>	<b>87,300,516</b>	<b>43,356,268</b>	<b>205,213,155</b>	<b>76,011,527</b>	<b>36,231,494</b>
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
– Less than one year	544,059,314	8,706,925	1,529,800	538,237,679	5,300,386	897,466
– One year to less than five years	30,742,568	2,619,230	1,315,007	31,495,367	1,856,999	930,782
– Five years and above	6,596,360	958,528	335,022	5,314,451	749,621	314,812
	<b>581,398,242</b>	<b>12,284,683</b>	<b>3,179,829</b>	<b>575,047,497</b>	<b>7,907,006</b>	<b>2,143,060</b>
Interest rate related contracts:						
– Less than one year	186,361,268	72,980	32,188	78,438,765	263,545	76,054
– One year to less than five years	221,399,527	1,504,867	852,397	256,963,893	1,737,197	1,026,458
– Five years and above	109,622,660	2,168,784	1,403,142	87,560,165	1,861,518	1,238,571
	<b>517,383,455</b>	<b>3,746,631</b>	<b>2,287,727</b>	<b>422,962,823</b>	<b>3,862,260</b>	<b>2,341,083</b>
Equity and commodity related contracts:						
– Less than one year	5,383,643	245,702	101,334	4,075,338	257,581	150,897
– One year to less than five years	65,390	13,880	12,253	1,260,171	101,036	72,194
	<b>5,449,033</b>	<b>259,582</b>	<b>113,587</b>	<b>5,335,509</b>	<b>358,617</b>	<b>223,091</b>
Credit related contracts:						
– Less than one year	75,360	–	–	63,690	–	–
Total treasury-related commitments and contingencies	<b>1,104,306,090</b>	<b>16,290,896</b>	<b>5,581,143</b>	<b>1,003,409,519</b>	<b>12,127,883</b>	<b>4,707,234</b>
Total commitments and contingencies	<b>1,305,384,589</b>	<b>103,591,412</b>	<b>48,937,411</b>	<b>1,208,622,674</b>	<b>88,139,410</b>	<b>40,938,728</b>

\* The credit equivalent amount and the risk-weighted amount are derived from using the credit conversion factors and risk-weights respectively as specified by BNM for regulatory capital adequacy purposes.

## 54. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (a) In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions (cont'd.).

The risk-weighted exposures of the Group and of the Bank are as follows (cont'd.):

	2020			2019		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<b>Bank</b>						
<b>Contingent liabilities</b>						
Direct credit substitutes	7,466,677	6,041,129	3,990,003	8,851,551	7,795,307	4,096,596
Certain transaction-related contingent items	11,506,071	5,475,238	3,806,228	14,052,638	6,099,774	3,644,076
Short-term self-liquidating trade-related contingencies	2,092,315	478,043	223,572	2,224,986	415,279	231,897
	<b>21,065,063</b>	<b>11,994,410</b>	<b>8,019,803</b>	<b>25,129,175</b>	<b>14,310,360</b>	<b>7,972,569</b>
<b>Commitments</b>						
Irrevocable commitments to extend credit:						
– Maturity within one year	83,806,525	6,955,310	1,897,783	74,635,545	5,851,189	2,420,816
– Maturity exceeding one year	17,828,264	34,888,721	18,252,090	30,025,147	26,990,403	13,104,508
	<b>101,634,789</b>	<b>41,844,031</b>	<b>20,149,873</b>	<b>104,660,692</b>	<b>32,841,592</b>	<b>15,525,324</b>
Miscellaneous commitments and contingencies	3,294,116	1,855,264	545,148	4,580,758	1,206,450	158,688
Total credit-related commitments and contingencies	<b>125,993,968</b>	<b>55,693,705</b>	<b>28,714,824</b>	<b>134,370,625</b>	<b>48,358,402</b>	<b>23,656,581</b>
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
– Less than one year	545,723,025	8,429,411	1,377,250	530,308,700	5,198,743	798,031
– One year to less than five years	29,651,424	2,470,975	1,146,587	30,708,880	1,920,409	948,238
– Five years and above	5,673,466	828,538	203,181	4,403,125	584,069	223,548
	<b>581,047,915</b>	<b>11,728,924</b>	<b>2,727,018</b>	<b>565,420,705</b>	<b>7,703,221</b>	<b>1,969,817</b>
Interest rate related contracts:						
– Less than one year	185,732,911	72,296	31,673	77,500,667	37,384	9,174
– One year to less than five years	221,822,106	1,323,301	680,533	257,295,512	1,284,684	593,440
– Five years and above	109,622,660	2,168,036	1,402,488	87,620,165	1,859,086	1,236,139
	<b>517,177,677</b>	<b>3,563,633</b>	<b>2,114,694</b>	<b>422,416,344</b>	<b>3,181,154</b>	<b>1,838,753</b>
Equity and commodity related contracts:						
– Less than one year	1,499,709	154,587	66,484	1,908,063	178,382	111,125
– One year to less than five years	65,390	13,880	12,253	1,260,171	101,036	72,194
	<b>1,565,099</b>	<b>168,467</b>	<b>78,737</b>	<b>3,168,234</b>	<b>279,418</b>	<b>183,319</b>
Credit related contracts:						
– Less than one year	75,360	–	–	63,690	–	–
Total treasury-related commitments and contingencies	<b>1,099,866,051</b>	<b>15,461,024</b>	<b>4,920,449</b>	<b>991,068,973</b>	<b>11,163,793</b>	<b>3,991,889</b>
Total commitments and contingencies	<b>1,225,860,019</b>	<b>71,154,729</b>	<b>33,635,273</b>	<b>1,125,439,598</b>	<b>59,522,195</b>	<b>27,648,470</b>

\* The credit equivalent amount and the risk-weighted amount are derived from using the credit conversion factors and risk-weights respectively as specified by BNM for regulatory capital adequacy purposes.

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31 December 2020

### 54. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (a) In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions (cont'd.).
- (i) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risks, as follows:
- Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange rates, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amount at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions;
  - Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 31 December 2020, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM19,908.0 million (2019: RM10,335.6 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices; and
  - Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.
- (ii) There have been no changes since the end of the previous financial year in respect of the following:
- The types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
  - The risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
  - The related accounting policies.
- (b) Arising from the recourse obligation on loans and financing sold to Cagamas Berhad as disclosed in Note 28, the Group and the Bank were contingently liable in respect of loans and financing sold to Cagamas Berhad on the condition that they undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy back any loans and financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the originators.
- (c) Contingent liabilities

There is no material contingent liabilities during the financial year ended 31 December 2020.

- (d) Operating lease commitments

#### The Group as a lessor

The Group leases out its properties including investment properties under operating leases with the term of the leases ranging up to 3 years.

The future minimum lease payments under these non-cancellable operating leases are as follows:

	Group	
	2020 RM'000	2019 RM'000
Within one year	34,460	27,801
Between one and five years	42,980	38,582
	<b>77,440</b>	66,383



## 55. FINANCIAL RISK MANAGEMENT POLICIES

### (a) Financial risk management overview

Risk Management is a critical pillar of the Group's operating model, complementing the other two pillars, which are business sectors and support sectors. A dedicated Board-level Risk Management Committee provides risk oversight of all material risks across the Group.

The Management-level Risk Management Committees, which include the Group Executive Risk Committee ("Group ERC"), Group Non-Financial Risk Committee ("GNFRC"), Group Asset and Liability Management Committee ("Group ALCO") and Group Management Credit Committee ("GMCC"), are responsible for the management of all material risks within the Group.

The Group's approach to risk management is premised on the following set of building blocks as the foundation in driving strong risk management culture, practices and process:

- (i) *Risk Culture*: Risk culture is a vital component in strengthening risk governance and forms a fundamental principle of strong risk management.
- (ii) *Risk Coverage*: The Group must determine its business strategy; its goals and objectives, and assesses the risk implied in that strategy before it can articulate its risk appetite.
- (iii) *Risk Appetite*: The risk appetite defines the level of risk that the Group is willing to assume within its risk capacity.
- (iv) *Risk Response*: Selection of the appropriate risk response is imperative to align the risks with Group's risk tolerance and risk appetite.
- (v) *Governance and Risk Oversight*: There is a clear, effective and robust governance structure with well-defined, transparent and consistent lines of responsibility.
- (vi) *Risk Management Practices and Processes*: Robust risk management processes are in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Group.
- (vii) *Stress Test*: Stress testing should be used to identify and quantify possible events or future changes in the financial and economic condition that could have unfavourable effects on the Group's exposure.
- (viii) *Resources and System Infrastructure*: Ensure sufficient resources, infrastructure and techniques are established to enable effective risk management.

### (b) Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

- The Group's definition and assessment of default and cure (Note 55(b)(i)).
- An explanation of the Group's internal grading system (Note 55(e)(5)).
- How the Group defines, calculates and monitors the probability of default, exposure at default and loss given default (Note 55(e)(1)).
- When the Group considers there has been a significant increase in credit risk of an exposure (Note 55(b)(ii)).
- The Group's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 55(b)(iii)).
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets (Note 2.3(v)(d)).

#### (i) Definition of default and cure

The Group considers a financial instrument defaulted and therefore classifies as Stage 3 (credit-impaired) for ECL calculations when:

- Principal or interest/profit or both are past due for more than 90 days; or

- Account less than 90 days past due which exhibit indications of significant increase in credit risk; or
- Impaired loans, advances and financing have been rescheduled and restructured, the loans, advances and financing will continue to be classified as impaired until repayments based on rescheduled or restructured terms have been observed continuously for a period of six (6) months; or
- Default occurs for repayments scheduled on intervals of three (3) months or longer.

The Group considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Significant deterioration in borrower's/customer's credit rating from initial recognition or last reviewed date;
- Breach of covenant not waived by the Group;
- Borrower/customer is insolvent;
- It is becoming probable that the borrower/customer will enter bankruptcy; and/or
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated indicators at the time of the cure, and the asset no longer showing significant increase in credit risk compared to initial recognition.

#### (ii) Significant increase in credit risk

The Group continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Group may also consider that events explained in Note 55(b)(i) are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly.

When estimating ECL on a collective basis for a group of similar assets (as set out in Note 55(b)(iii)), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

#### (iii) Grouping financial assets measured on a collective basis

As explained in Note 2.3(v)(d)(ii), depending on the factors below, the Group and the Bank calculate ECL either on a collective or an individual basis.

Financial assets subject to ECL that have been assessed individually but for which no impairment is required and all individually insignificant exposure are then assessed collectively, in groups of assets with similar credit risk characteristics.

The Group and the Bank group these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans.

## Notes to the Financial Statements

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (c) Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECL is set out in Note 2.3 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions; in which the macroeconomic factors are regularly monitored as part of the normal credit risk management of the Group and the Bank, including the ongoing COVID-19 developments. To ensure completeness and accuracy, the Group and the Bank obtain the data used from Group Economist, Maybank Kim Eng, including determining the weights attributable to the multiple scenarios as at every year end to apply on next financial year's ECL computation.

The following table shows the forecast of the key forward-looking macroeconomic variables used in each of the economic scenarios for the ECL calculations for financial year ended 31 December 2020 and 31 December 2019. The figures for "Subsequent years" represent a long-term average and the same are applied for each scenario.

#### 31 December 2020

Key Variables	ECL Scenario	Assigned Probabilities	2020-2024					Subsequent years
			2020	2021	2022	2023	2024	
Real GDP (%)	Base case	60	(5.4)	5.1	5.0	5.0	5.0	5.0
	Upside	10	(5.0)	5.5	5.5	5.5	5.5	5.5
	Downside	30	(6.4)	4.0	4.5	4.5	4.5	4.5
Property Price Index (%)	Base case	60	(4.3)	-	0.5	1.5	1.5	1.5
	Upside	10	(3.0)	1.0	2.0	2.0	2.0	2.0
	Downside	30	(5.0)	(0.5)	-	1.0	1.0	1.0
Overnight Policy Rate (%)	Base case	60	1.8	1.8	2.0	2.3	2.5	2.5
	Upside	10	1.8	2.0	2.3	2.5	2.8	2.8
	Downside	30	1.3	1.3	1.5	1.8	2.0	2.0
Unemployment Rate (%)	Base case	60	4.8	4.3	4.0	3.8	3.5	3.5
	Upside	10	4.5	4.0	3.5	3.5	3.0	3.0
	Downside	30	5.5	5.0	4.5	4.5	4.0	4.0

#### 31 December 2019

Key Variables	ECL Scenario	Assigned Probabilities	2019-2023					Subsequent years
			2019	2020	2021	2022	2023	
Real GDP (%)	Base case	60	4.8	4.9	4.9	4.9	4.9	4.9
	Upside	10	5.2	5.3	5.3	5.3	5.3	5.3
	Downside	30	4.0	4.1	4.2	4.1	4.1	4.1
Property Price Index (%)	Base case	60	2.5	2.5	2.5	2.5	2.5	2.5
	Upside	10	3.0	3.0	3.0	3.0	3.0	3.0
	Downside	30	1.5	1.5	1.5	1.5	1.5	1.5
Overnight Policy Rate (%)	Base case	60	3.3	3.3	3.3	3.3	3.3	3.3
	Upside	10	3.3	3.3	3.5	3.5	3.5	3.5
	Downside	30	3.0	3.0	3.0	3.0	3.0	3.0
Unemployment Rate (%)	Base case	60	3.4	3.4	3.3	3.3	3.3	3.3
	Upside	10	3.2	3.2	3.0	3.0	3.0	3.0
	Downside	30	3.5	3.5	3.4	3.4	3.4	3.4

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (d) Financial instruments by category

Group	Designated at				Sub-total	Assets not	
	Fair value through profit or loss	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost		in scope of MFRS 9	Total
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>							
Cash and short-term funds	-	-	-	43,884,714	43,884,714	-	43,884,714
Deposits and placements with financial institutions	-	-	-	10,128,931	10,128,931	-	10,128,931
Financial assets purchased under resale agreements	-	-	-	17,543,987	17,543,987	-	17,543,987
Financial investments portfolio	27,179,846	14,028,031	127,502,681	46,475,916	215,186,474	-	215,186,474
Loans, advances and financing to financial institutions	-	-	-	899,986	899,986	-	899,986
Loans, advances and financing to customers	170,712	-	16,031,857	495,107,538	511,310,107	-	511,310,107
Derivative assets	19,907,957	-	-	-	19,907,957	-	19,907,957
Reinsurance/retakaful assets and other insurance receivables	-	-	-	732,749	732,749	5,045,832	5,778,581
Other assets	-	-	-	8,298,170	8,298,170	1,938,704	10,236,874
Investment properties	-	-	-	-	-	941,545	941,545
Statutory deposits with central banks	-	-	-	7,468,213	7,468,213	-	7,468,213
Interest in associates and joint ventures	-	-	-	-	-	2,680,402	2,680,402
Property, plant and equipment	-	-	-	-	-	2,206,849	2,206,849
Right-of-use assets	-	-	-	-	-	1,245,454	1,245,454
Intangible assets	-	-	-	-	-	6,648,504	6,648,504
Deferred tax assets	-	-	-	-	-	790,936	790,936
<b>Total assets</b>	<b>47,258,515</b>	<b>14,028,031</b>	<b>143,534,538</b>	<b>630,540,204</b>	<b>835,361,288</b>	<b>21,498,226</b>	<b>856,859,514</b>

Group	Designated at			Sub-total	Liabilities not in scope	
	Fair value through profit or loss	Fair value through profit or loss	Other financial liabilities		of MFRS 9	Total
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>						
Customers' funding:						
- Deposits from customers	-	-	556,349,372	556,349,372	-	556,349,372
- Investment accounts of customers*	-	-	23,840,796	23,840,796	-	23,840,796
Deposits and placements from financial institutions	-	-	37,878,866	37,878,866	-	37,878,866
Obligations on financial assets sold under repurchase agreements	-	-	11,131,215	11,131,215	-	11,131,215
Derivative liabilities <sup>^</sup>	19,151,751	-	-	19,151,751	-	19,151,751
Financial liabilities at fair value through profit or loss	-	10,161,921	-	10,161,921	-	10,161,921
Bills and acceptances payable	-	-	997,663	997,663	-	997,663
Insurance/takaful contract liabilities and other insurance payables	-	-	864,614	864,614	36,830,151	37,694,765
Other liabilities	-	-	15,332,134	15,332,134	5,695,781	21,027,915
Provision for taxation and zakat	-	-	-	-	151,919	151,919
Deferred tax liabilities	-	-	-	-	1,470,856	1,470,856
Borrowings	-	-	38,097,224	38,097,224	-	38,097,224
Subordinated obligations	-	-	8,967,831	8,967,831	-	8,967,831
Capital securities	-	-	2,827,793	2,827,793	-	2,827,793
<b>Total liabilities</b>	<b>19,151,751</b>	<b>10,161,921</b>	<b>696,287,508</b>	<b>725,601,180</b>	<b>44,148,707</b>	<b>769,749,887</b>

\* Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

<sup>^</sup> Included in derivative liabilities are derivative instruments designated as effective hedging instruments. Refer to fair value hedge disclosed in Note 13.

## Notes to the Financial Statements

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (d) Financial instruments by category (cont'd.)

Group	Fair value through profit or loss RM'000	Designated at fair value through profit or loss RM'000	Fair value through other comprehensive income RM'000	At amortised cost RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
<b>2019</b>							
<b>Assets</b>							
Cash and short-term funds	-	-	-	46,469,074	46,469,074	-	46,469,074
Deposits and placements with financial institutions	-	-	-	14,093,218	14,093,218	-	14,093,218
Financial assets purchased under resale agreements	-	-	-	13,639,082	13,639,082	-	13,639,082
Financial investments portfolio	20,370,865	14,323,303	123,351,533	34,784,476	192,830,177	-	192,830,177
Loans, advances and financing to financial institutions	-	-	-	1,128,618	1,128,618	-	1,128,618
Loans, advances and financing to customers	401,703	-	11,821,285	500,068,104	512,291,092	-	512,291,092
Derivative assets	10,335,629	-	-	-	10,335,629	-	10,335,629
Reinsurance/retakaful assets and other insurance receivables	-	-	-	681,424	681,424	3,550,665	4,232,089
Other assets	-	-	-	7,342,251	7,342,251	2,136,833	9,479,084
Investment properties	-	-	-	-	-	921,471	921,471
Statutory deposits with central banks	-	-	-	15,052,752	15,052,752	-	15,052,752
Interest in associates and joint ventures	-	-	-	-	-	2,490,548	2,490,548
Property, plant and equipment	-	-	-	-	-	2,335,798	2,335,798
Right-of-use assets	-	-	-	-	-	1,548,208	1,548,208
Intangible assets	-	-	-	-	-	6,836,463	6,836,463
Deferred tax assets	-	-	-	-	-	729,712	729,712
<b>Total assets</b>	<b>31,108,197</b>	<b>14,323,303</b>	<b>135,172,818</b>	<b>633,258,999</b>	<b>813,863,317</b>	<b>20,549,698</b>	<b>834,413,015</b>

Group	Fair value through profit or loss RM'000	Designated at fair value through profit or loss RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
<b>2019</b>						
<b>Liabilities</b>						
Customers' funding:						
- Deposits from customers	-	-	544,530,912	544,530,912	-	544,530,912
- Investment accounts of customers*	-	-	20,737,670	20,737,670	-	20,737,670
Deposits and placements from financial institutions	-	-	43,557,209	43,557,209	-	43,557,209
Obligations on financial assets sold under repurchase agreements	-	-	13,978,744	13,978,744	-	13,978,744
Derivative liabilities <sup>^</sup>	11,182,307	-	-	11,182,307	-	11,182,307
Financial liabilities at fair value through profit or loss	-	6,530,753	-	6,530,753	-	6,530,753
Bills and acceptances payable	-	-	1,291,814	1,291,814	-	1,291,814
Insurance/takaful contract liabilities and other insurance payables	-	-	667,187	667,187	30,218,443	30,885,630
Other liabilities	-	-	15,725,031	15,725,031	5,844,496	21,569,527
Recourse obligation on loans and financing sold to Cagamas	-	-	1,526,225	1,526,225	-	1,526,225
Provision for taxation and zakat	-	-	-	-	187,061	187,061
Deferred tax liabilities	-	-	-	-	878,276	878,276
Borrowings	-	-	41,339,415	41,339,415	-	41,339,415
Subordinated obligations	-	-	9,321,125	9,321,125	-	9,321,125
Capital securities	-	-	2,827,123	2,827,123	-	2,827,123
<b>Total liabilities</b>	<b>11,182,307</b>	<b>6,530,753</b>	<b>695,502,455</b>	<b>713,215,515</b>	<b>37,128,276</b>	<b>750,343,791</b>

\* Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

<sup>^</sup> Included in derivative liabilities are derivative instruments designated as effective hedging instruments. Refer to fair value hedge disclosed in Note 13.

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (d) Financial instruments by category (cont'd.)

Bank	Designated at				Sub-total	Assets not in scope of MFRS 9	Total
	Fair value through profit or loss	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost			
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>							
Cash and short-term funds	-	-	-	24,106,030	24,106,030	-	24,106,030
Deposits and placements with financial institutions	-	-	-	15,268,348	15,268,348	-	15,268,348
Financial assets purchased under resale agreements	-	-	-	14,849,421	14,849,421	-	14,849,421
Financial investments portfolio	18,189,480	-	75,533,793	39,856,983	133,580,256	-	133,580,256
Loans, advances and financing to financial institutions	-	-	-	30,042,986	30,042,986	-	30,042,986
Loans, advances and financing to customers	170,712	-	13,290,590	186,420,174	199,881,476	-	199,881,476
Derivative assets	19,713,802	-	-	-	19,713,802	-	19,713,802
Other assets	-	-	-	3,902,754	3,902,754	213,848	4,116,602
Statutory deposits with central banks	-	-	-	1,647,066	1,647,066	-	1,647,066
Investment in subsidiaries	-	-	-	-	-	30,903,363	30,903,363
Interest in associates and joint ventures	-	-	-	-	-	440,730	440,730
Property, plant and equipment	-	-	-	-	-	941,767	941,767
Right-of-use assets	-	-	-	-	-	424,139	424,139
Intangible assets	-	-	-	-	-	387,660	387,660
<b>Total assets</b>	<b>38,073,994</b>	<b>-</b>	<b>88,824,383</b>	<b>316,093,762</b>	<b>442,992,139</b>	<b>33,311,507</b>	<b>476,303,646</b>

Bank	Designated at			Sub-total	Liabilities not in scope of MFRS 9	Total
	Fair value through profit or loss	Fair value through profit or loss	Other financial liabilities			
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>						
Deposits from customers	-	-	250,025,335	250,025,335	-	250,025,335
Deposits and placements from financial institutions	-	-	34,720,115	34,720,115	-	34,720,115
Obligations on financial assets sold under repurchase agreements	-	-	36,922,305	36,922,305	-	36,922,305
Derivative liabilities <sup>^</sup>	18,724,393	-	-	18,724,393	-	18,724,393
Financial liabilities at fair value through profit or loss	-	10,161,921	-	10,161,921	-	10,161,921
Bills and acceptances payable	-	-	458,617	458,617	-	458,617
Other liabilities	-	-	5,491,337	5,491,337	2,318,730	7,810,067
Provision for taxation and zakat	-	-	-	-	66,120	66,120
Deferred tax liabilities	-	-	-	-	377,830	377,830
Borrowings	-	-	33,134,255	33,134,255	-	3,134,255
Subordinated obligations	-	-	8,808,639	8,808,639	-	8,808,639
Capital securities	-	-	2,827,793	2,827,793	-	2,827,793
<b>Total liabilities</b>	<b>18,724,393</b>	<b>10,161,921</b>	<b>372,388,396</b>	<b>401,274,710</b>	<b>2,762,680</b>	<b>404,037,390</b>

<sup>^</sup> Included in derivative liabilities are derivative instruments designated as effective hedging instruments. Refer to fair value hedge disclosed in Note 13.

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (d) Financial instruments by category (cont'd.)

Bank	Fair value through profit or loss RM'000	Designated at fair value through profit or loss RM'000	Fair value through other comprehensive income RM'000	At amortised cost RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
<b>2019</b>							
<b>Assets</b>							
Cash and short-term funds	-	-	-	19,040,534	19,040,534	-	19,040,534
Deposits and placements with financial institutions	-	-	-	28,287,338	28,287,338	-	28,287,338
Financial assets purchased under resale agreements	-	-	-	11,297,036	11,297,036	-	11,297,036
Financial investments portfolio	12,912,823	-	80,798,700	32,574,918	126,286,441	-	126,286,441
Loans, advances and financing to financial institutions	-	-	-	19,400,239	19,400,239	-	19,400,239
Loans, advances and financing to customers	401,703	-	11,380,901	195,406,377	207,188,981	-	207,188,981
Derivative assets	10,002,003	-	-	-	10,002,003	-	10,002,003
Other assets	-	-	-	4,596,923	4,596,923	346,267	4,943,190
Statutory deposits with central banks	-	-	-	4,100,932	4,100,932	-	4,100,932
Investment in subsidiaries	-	-	-	-	-	31,559,247	31,559,247
Interest in associates and joint ventures	-	-	-	-	-	440,730	440,730
Property, plant and equipment	-	-	-	-	-	1,014,286	1,014,286
Right-of-use assets	-	-	-	-	-	438,254	438,254
Intangible assets	-	-	-	-	-	361,135	361,135
<b>Total assets</b>	<b>23,316,529</b>	<b>-</b>	<b>92,179,601</b>	<b>314,704,297</b>	<b>430,200,427</b>	<b>34,159,919</b>	<b>464,360,346</b>

Bank	Fair value through profit or loss RM'000	Designated at fair value through profit or loss RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
<b>2019</b>						
<b>Liabilities</b>						
Deposits from customers	-	-	242,757,617	242,757,617	-	242,757,617
Deposits and placements from financial institutions	-	-	51,354,535	51,354,535	-	51,354,535
Obligations on financial assets sold under repurchase agreements	-	-	28,293,032	28,293,032	-	28,293,032
Derivative liabilities <sup>^</sup>	10,588,278	-	-	10,588,278	-	10,588,278
Financial liabilities at fair value through profit or loss	-	6,530,753	-	6,530,753	-	6,530,753
Bills and acceptances payable	-	-	479,662	479,662	-	479,662
Other liabilities	-	-	5,466,133	5,466,133	2,486,275	7,952,408
Recourse obligation on loans and financing sold to Cagamas	-	-	1,526,225	1,526,225	-	1,526,225
Deferred tax liabilities	-	-	-	-	185,495	185,495
Borrowings	-	-	32,645,025	32,645,025	-	32,645,025
Subordinated obligations	-	-	9,156,816	9,156,816	-	9,156,816
Capital securities	-	-	2,827,123	2,827,123	-	2,827,123
<b>Total liabilities</b>	<b>10,588,278</b>	<b>6,530,753</b>	<b>374,506,168</b>	<b>391,625,199</b>	<b>2,671,770</b>	<b>394,296,969</b>

<sup>^</sup> Included in derivative liabilities are derivative instruments designated as effective hedging instruments. Refer to fair value hedge disclosed in Note 13.

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management

#### 1. Credit risk management overview

##### Credit risk definition

Credit risk is the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms.

##### Management of credit risk

Corporate and institutional credit risks are assessed by business units and evaluated and approved by an independent party within the Group, where each customer is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors including borrower's/customer's financial position, future cash flows, types of facilities and securities offered.

Reviews are conducted at least once a year with updated information on borrower's/customer's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when the accounts show signs of credit deterioration.

Retail credit exposures are managed on a programme basis. Credit programmes are assessed jointly between credit risk and business units. Reviews on credit programmes are conducted at least once a year to assess the performance of the portfolios.

Counterparty credit risk is the risk arising from the possibility that a counterparty may default on current and future payments as required by contract for treasury-related activities. Counterparty credit risk originates from the Group's lending business, investment and treasury activities that impact the Group's trading and banking books through dealings in foreign exchange, money market instruments, fixed income securities, commodities, equities and over-the-counter ("OTC") derivatives. The primary distinguishing feature of counterparty credit risk compared to other forms of credit risk is that the future value of the underlying contract is uncertain, and may be either positive or negative depending on the value of all future cash flows.

Counterparty credit risk exposures are managed via counterparty limits either on a single counterparty basis or counterparty group basis that adheres to BNM's Single Counterparty Exposure Limits. The Group actively monitors and manages its exposure to ensure that exposures to a single counterparty or a group of connected counterparties are within prudent limits at all times. Counterparty risk exposures which may be materially affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees.

For counterparty risk exposures (on-balance sheet), the Group employs risk treatments that are in accordance with BNM Guidelines and Basel II requirements. While for off-balance sheet exposures, the Group measures the credit risk using Credit Risk Equivalent via the Current Exposure Method. This method calculates the Group's credit risk exposure after considering both the mark-to-market exposures and the appropriate add-on factors for potential future exposures. The add-on factors employed are in accordance with BNM Guidelines and Basel II requirements.

The Group wide hierarchy of credit approving authorities and committee structures are in place to ensure appropriate underwriting standards are enforced consistently throughout the Group.

In managing large exposures and to avoid undue concentration of credit risk in its loans and financing portfolio, the Group had emplaced, amongst others, the following limits and related lending guidelines, for:

- Countries;
- Business segments;
- Economic sectors;
- Single customer groups;
- Banks and non-bank financial institutions ("NBFI");
- Counterparties;
- Collaterals; and
- Connected parties.

Reviews of the said limits and related lending guidelines are undertaken on a periodic basis, whereupon any emerging concentration risks are addressed accordingly. Any exception to the limits and lending guidelines would be subject to approvals from higher credit authorities.

The Group has dedicated teams at Head Office and Regional Offices to effectively manage vulnerable corporate, institutional and consumer credits. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to prevent further deterioration or to accelerate remedial action.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. Group Risk is responsible for developing, enhancing and communicating an effective and consistent credit risk management policies, tools and methodologies across the Group to ensure appropriate standards are in place to identify, measure, control, monitor and report such risks.

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on the Expected Loss ("EL") principles and internally developed Credit Risk Rating System ("CRRS").

## Notes to the Financial Statements

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (e) Credit risk management (cont'd.)

##### 1. Credit risk management overview (cont'd.)

###### Credit risk measurement

The Group's retail portfolios are under Basel II Advanced Internal Ratings-Based ("AIRB") Approach. This approach calls for more extensive reliance on the Bank's own internal experience whereby estimations for all the three components of Risk-Weighted Assets ("RWA") calculation namely Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") are based on its own historical data. Separate PD, EAD and LGD statistical models were developed at the respective retail portfolio level; each model covering borrowers with fundamentally similar risk profiles in a portfolio. The estimates derived from the models are used as input for RWA calculations.

For non-retail portfolios, the Group uses internal credit models for evaluating the majority of its credit risk exposures. For Corporate and Bank portfolios, the Group has adopted the Foundation Internal Ratings-Based ("FIRB") Approach, which allows the Group to use its internal PD estimates to determine an asset risk weighting and apply supervisory estimates for LGD and EAD.

CRRS is developed to allow the Group to identify, assess and measure corporate, commercial and small business borrowers' credit risk. CRRS is a statistical default prediction model. The model was developed and recalibrated to suit the Group's banking environment using internal data. The model development process was conducted and documented in line with specific criteria for model development in accordance to Basel II. The EL principles employed in the Group enables the calculation of EL using PD estimates (facilitated by the CRRS), LGD and EAD.

To account for differences in risk due to industry and size, CRRS is designed to rate all corporate and commercial borrowers by their respective industry segments (i.e. manufacturing, services, trading, contractors, property developers (single project) and property investors (single property)).

##### 2. Maximum exposure to credit risk

The following analysis represents the Group's maximum exposure to credit risk of on-balance sheet financial assets and off-balance sheet exposure, excluding any collateral held or other credit enhancements. For on-balance sheet financial assets, the exposure to credit risk equals their carrying amount. For off-balance sheet exposure, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers/borrowers.

Group	Maximum exposure	
	2020 RM'000	2019 RM'000
<b>Credit exposure for on-balance sheet financial assets:</b>		
Cash and short-term funds	43,884,714	46,469,074
Deposits and placements with financial institutions	10,128,931	14,093,218
Financial assets purchased under resale agreements	17,543,987	13,639,082
Financial investments portfolio*	208,534,238	186,861,494
Loans, advances and financing to financial institutions	899,986	1,128,618
Loans, advances and financing to customers	511,310,107	512,291,092
Derivative assets	19,907,957	10,335,629
Reinsurance/retakaful assets and other insurance receivables	732,749	681,424
Other assets	8,298,170	7,342,251
Statutory deposits with central banks	7,468,213	15,052,752
	<b>828,709,052</b>	<b>807,894,634</b>
<b>Credit exposure for off-balance sheet items:</b>		
Direct credit substitutes	10,940,746	11,651,981
Certain transaction-related contingent items	14,338,122	17,933,219
Short-term self-liquidating trade-related contingencies	2,788,743	2,963,469
Irrevocable commitments to extend credit	167,282,755	163,698,645
Miscellaneous	5,728,133	8,965,841
	<b>201,078,499</b>	<b>205,213,155</b>
<b>Total maximum credit risk exposure</b>	<b>1,029,787,551</b>	<b>1,013,107,789</b>

\* Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost. The portfolio excludes quoted and unquoted shares.



## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 2. Maximum exposure to credit risk (cont'd.)

	Maximum exposure	
	2020 RM'000	2019 RM'000
<b>Bank</b>		
<b>Credit exposure for on-balance sheet financial assets:</b>		
Cash and short-term funds	24,106,030	19,040,534
Deposits and placements with financial institutions	15,268,348	28,287,338
Financial assets purchased under resale agreements	14,849,421	11,297,036
Financial investments portfolio*	132,477,694	125,307,502
Loans, advances and financing to financial institutions	30,042,986	19,400,239
Loans, advances and financing to customers	199,881,476	207,188,981
Derivative assets	19,713,802	10,002,003
Other assets	3,902,754	4,596,923
Statutory deposits with central banks	1,647,066	4,100,932
	<b>441,889,577</b>	<b>429,221,488</b>
<b>Credit exposure for off-balance sheet items:</b>		
Direct credit substitutes	7,466,677	8,851,551
Certain transaction-related contingent items	11,506,071	14,052,638
Short-term self-liquidating trade-related contingencies	2,092,315	2,224,986
Irrevocable commitments to extend credit	101,634,789	104,660,692
Miscellaneous	3,294,116	4,580,758
	<b>125,993,968</b>	<b>134,370,625</b>
<b>Total maximum credit risk exposure</b>	<b>567,883,545</b>	<b>563,592,113</b>

\* Financial investments portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost. The portfolio excludes quoted and unquoted shares.

#### Credit exposure for on-balance sheet financial assets that are not subject to impairment:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial assets at fair value through profit or loss</b>				
- Financial investments <sup>#</sup>	20,999,678	14,800,467	17,427,171	12,212,268
- Loans, advances and financing to customers	170,712	401,703	170,712	401,703
<b>Financial assets designated at fair value through profit or loss</b>				
- Financial investments <sup>#</sup>	13,901,810	14,213,588	-	-
	<b>35,072,200</b>	<b>29,415,758</b>	<b>17,597,883</b>	<b>12,613,971</b>

<sup>#</sup> Financial investments exclude quoted and unquoted shares.

The financial effect of collaterals (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing as at 31 December 2020 for the Group is at 71% (31 December 2019: 71%) and the Bank is at 57% (31 December 2019: 64%). The financial effect of collateral held for other financial assets is not significant.

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (e) Credit risk management (cont'd.)

## 3. Credit risk concentration profile

Concentration risk is the risk that can materialise from excessive exposures to single counterparty and persons connected to it, a particular instrument or a particular market segment/sector. The Group analysed the concentration of credit risk by geographic purpose and industry sector as follows:

(a) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by geographic purpose are as follows:

Group	Cash and short-term funds	Deposits and placements with financial institutions	Financial assets purchased under resale agreements	Financial investments portfolio*	Loans, advances and financing	Derivative assets	Reinsurance/retakaful assets and other insurance receivables	Other assets	Statutory deposits with central banks	Total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2020</b>											
Malaysia	17,138,880	64,552	-	144,784,170	320,935,305	10,595,752	533,944	4,942,946	352,758	499,348,307	123,515,721
Singapore	12,271,131	4,549,422	11,132,263	35,148,511	119,770,018	6,738,437	55,405	174,234	4,246,858	194,086,279	54,650,077
Indonesia	5,470,636	401,738	3,077,826	8,292,684	30,086,055	309,560	111,334	1,029,146	1,442,195	50,221,174	1,551,365
Labuan Offshore	11,236	-	-	-	14,340,990	-	-	(9,997)	-	14,342,229	105,453
Hong Kong SAR	2,023,764	-	3,254,724	7,010,017	11,250,199	727,005	-	541,424	-	24,807,133	7,869,266
United States of America	1,587,532	4,438,902	-	1,316,984	633,514	-	-	76,358	-	8,053,290	512,899
People's Republic of China	1,750,482	306,592	-	2,140,888	2,773,130	1,523,582	-	48,483	-	8,543,157	5,365,474
Vietnam	304,600	8,531	-	-	1,214,881	1,752	-	80,447	67,900	1,678,111	874,231
United Kingdom	423,237	-	-	471,574	1,024,982	-	-	348,236	-	2,268,029	536,455
Philippines	763,146	48,026	79,174	2,073,669	4,793,144	11,864	31,633	419,024	978,446	9,198,126	2,567,158
Brunei	179,801	-	-	39,421	505,174	-	-	3	-	724,399	295,033
Cambodia	784,602	269,072	-	-	3,079,904	5	433	36,817	366,523	4,537,356	673,195
Thailand	51,774	1,525	-	809,628	1,504,887	-	-	424,624	-	2,792,438	379,775
Laos	256,592	40,571	-	-	66,658	-	-	186,425	3,787	554,033	318,648
India	616	-	-	-	-	-	-	-	-	616	-
Others	866,685	-	-	6,446,692	231,252	-	-	-	9,746	7,554,375	1,863,749
	<b>43,884,714</b>	<b>10,128,931</b>	<b>17,543,987</b>	<b>208,534,238</b>	<b>512,210,093</b>	<b>19,907,957</b>	<b>732,749</b>	<b>8,298,170</b>	<b>7,468,213</b>	<b>828,709,052</b>	<b>201,078,499</b>
<b>2019</b>											
Malaysia	28,967,504	1,355,528	30,299	132,859,996	312,253,877	5,293,628	564,772	4,895,033	7,230,680	493,451,317	119,212,258
Singapore	5,717,665	644,861	12,884,683	30,760,641	122,273,032	3,554,606	50,788	132,504	4,086,598	180,105,378	60,532,630
Indonesia	3,155,914	184,818	724,100	6,739,227	36,365,395	189,587	45,566	1,071,504	2,282,149	50,758,260	1,777,156
Labuan Offshore	3,108	-	-	-	14,588,734	-	-	1,358	-	14,593,200	136,214
Hong Kong SAR	1,504,596	1,294,524	-	4,841,529	9,933,298	497,927	-	179,044	-	18,250,918	6,463,392
United States of America	2,111,820	8,087,797	-	1,052,835	1,249,431	-	-	18,582	-	12,520,465	1,214,505
People's Republic of China	1,037,346	545,095	-	1,365,393	3,668,950	762,192	-	467	-	7,379,443	4,691,064
Vietnam	335,881	10,390	-	-	1,170,450	572	-	11,227	57,333	1,585,853	1,425,570
United Kingdom	449,939	-	-	311,517	936,435	15,631	-	202,774	-	1,916,296	1,829,010
Philippines	747,879	686,933	-	2,195,336	5,727,171	21,341	20,298	311,260	787,604	10,497,822	4,278,782
Brunei	170,907	-	-	36,304	551,002	-	-	3	-	758,216	442,115
Cambodia	1,161,061	445,062	-	-	2,768,331	8	-	36,146	596,264	5,006,872	694,046
Thailand	85,831	491	-	102,818	1,571,279	116	-	367,695	-	2,128,230	119,784
Laos	66,645	18,326	-	-	77,068	-	-	1,982	5,798	169,819	6,297
India	3,369	-	-	-	-	-	-	6,313	-	9,682	8,651
Others	949,609	819,393	-	6,595,898	285,257	21	-	106,359	6,326	8,762,863	2,381,681
	<b>46,469,074</b>	<b>14,093,218</b>	<b>13,639,082</b>	<b>186,861,494</b>	<b>513,419,710</b>	<b>10,335,629</b>	<b>681,424</b>	<b>7,342,251</b>	<b>15,052,752</b>	<b>807,894,634</b>	<b>205,213,155</b>

\* Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 3. Credit risk concentration profile (cont'd.)

- (a) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by geographic purpose are as follows (cont'd.):

Bank	Cash and short-term funds	Deposits and placements with financial institutions	Financial assets purchased under resale agreements	Financial investments portfolio*	Loans, advances and financing	Derivative assets	Other assets	Statutory deposits with central banks	Total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2020</b>										
Malaysia	5,816,258	6,539,955	-	102,264,803	149,390,571	11,075,647	3,859,477	340,062	279,286,773	78,255,514
Singapore	11,167,024	3,565,725	11,594,697	14,805,561	49,824,295	6,385,816	88,821	1,225,572	98,657,511	30,060,167
Indonesia	222,082	-	-	1,595,057	-	-	-	-	1,817,139	132,208
Labuan Offshore	10,788	-	-	-	14,340,990	-	(8,916)	-	14,342,862	105,453
Hong Kong SAR	1,852,562	-	3,254,724	6,261,726	10,285,838	727,005	(40,406)	-	22,341,449	7,800,025
United States of America	1,271,115	4,438,902	-	1,040,405	633,514	-	(5,814)	-	7,378,122	505,621
People's Republic of China	1,750,482	306,592	-	1,333,049	2,773,130	1,523,582	207	-	7,687,042	5,261,686
Vietnam	203,827	-	-	-	879,334	1,752	13	67,900	1,152,826	863,579
United Kingdom	415,909	-	-	337,131	1,024,982	-	7,337	-	1,785,359	522,611
Philippines	283,714	207,120	-	177,437	-	-	-	-	668,271	159,123
Brunei	179,801	-	-	39,421	505,174	-	3	-	724,399	185,748
Cambodia	9,061	177,842	-	-	-	-	-	-	186,903	72,817
Thailand	33,931	-	-	20,303	-	-	-	-	54,234	203,318
Laos	22,177	32,212	-	-	66,658	-	2,032	3,787	126,866	2,350
India	616	-	-	-	-	-	-	-	616	-
Others	866,683	-	-	4,602,801	199,976	-	-	9,745	5,679,205	1,863,748
	<b>24,106,030</b>	<b>15,268,348</b>	<b>14,849,421</b>	<b>132,477,694</b>	<b>229,924,462</b>	<b>19,713,802</b>	<b>3,902,754</b>	<b>1,647,066</b>	<b>441,889,577</b>	<b>125,993,968</b>
<b>2019</b>										
Malaysia	7,194,356	16,835,638	30,299	96,824,733	141,162,549	5,320,910	4,513,701	2,988,538	274,870,724	78,710,077
Singapore	5,158,744	40,298	11,266,737	14,305,358	53,570,799	3,420,451	72,318	1,042,937	88,877,642	37,550,753
Indonesia	206,617	-	-	2,297,686	-	-	-	-	2,504,303	45,131
Labuan Offshore	3,106	-	-	-	14,588,734	-	523	-	14,592,363	136,214
Hong Kong SAR	1,464,401	1,294,494	-	4,344,450	9,682,202	497,927	17,962	-	17,301,436	6,375,836
United States of America	1,817,772	8,087,797	-	883,235	1,249,431	-	(6,541)	-	12,031,694	1,195,214
People's Republic of China	1,037,346	545,095	-	1,298,793	3,668,950	762,143	(46)	-	7,312,281	4,526,697
Vietnam	300,760	-	-	-	861,914	572	(9,456)	57,333	1,211,123	1,411,212
United Kingdom	436,742	-	-	311,517	936,389	-	6,457	-	1,691,105	1,815,470
Philippines	331,242	657,064	-	845,390	-	-	-	-	1,833,696	75,948
Brunei	170,907	-	-	36,304	551,002	-	3	-	758,216	380,494
Cambodia	6,935	-	-	-	-	-	-	-	6,935	182,958
Thailand	34,535	-	-	66,107	-	-	-	-	100,642	25,290
Laos	66,645	18,326	-	-	77,068	-	1,982	5,798	169,819	6,297
India	55	-	-	-	-	-	-	-	55	-
Others	810,371	808,626	-	4,093,929	240,182	-	20	6,326	5,959,454	1,933,034
	<b>19,040,534</b>	<b>28,287,338</b>	<b>11,297,036</b>	<b>125,307,502</b>	<b>226,589,220</b>	<b>10,002,003</b>	<b>4,596,923</b>	<b>4,100,932</b>	<b>429,221,488</b>	<b>134,370,625</b>

\* Financial investments portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (e) Credit risk management (cont'd.)

##### 3. Credit risk concentration profile (cont'd.)

(b) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by industry sector are as follows:

Group	Cash and short-term funds	Deposits and placements with financial institutions	Financial assets purchased under resale agreements	Financial investments portfolio*	Loans, advances and financing	Derivative assets	Reinsurance/retakaful assets and other insurance receivables	Other assets	Statutory deposits with central banks	Total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2020</b>											
Agriculture	-	-	-	2,050,895	10,843,811	124,841	-	-	-	13,019,547	453,295
Mining and quarrying	-	-	-	3,029,707	4,612,972	-	-	-	-	7,642,679	2,338,459
Manufacturing	-	-	-	2,364,619	30,060,299	105,446	-	-	-	32,530,364	7,106,570
Construction	-	-	-	8,266,827	30,270,357	502	-	-	-	38,537,686	13,189,690
Electricity, gas and water supply	-	-	-	10,762,002	8,226,435	391,464	-	-	-	19,379,901	1,901,994
Wholesale, retail trade, restaurants and hotels	-	-	-	1,117,017	46,854,841	103,951	-	7,734	-	48,083,543	23,152,866
Finance, insurance, real estate and business	43,884,714	10,128,931	17,543,987	134,748,286	105,179,923	18,908,774	732,749	6,839,678	7,468,213	345,435,255	94,424,928
Transport, storage and communication	-	-	-	7,491,434	12,863,341	136,843	-	15	-	20,491,633	3,340,959
Education, health and others	-	-	-	1,374,031	7,452,766	18,982	-	1	-	8,845,780	153,970
Household	-	-	-	-	253,025,549	-	-	661,807	-	253,687,356	43,669,635
Others	-	-	-	37,329,420	2,819,799	117,154	-	788,935	-	41,055,308	11,346,133
	43,884,714	10,128,931	17,543,987	208,534,238	512,210,093	19,907,957	732,749	8,298,170	7,468,213	828,709,052	201,078,499
<b>2019</b>											
Agriculture	-	-	-	1,225,445	10,189,304	17,006	-	-	-	11,431,755	1,078,873
Mining and quarrying	-	-	-	642,779	4,622,474	-	-	-	-	5,265,253	1,530,455
Manufacturing	-	-	-	30,844	30,629,516	181,639	-	-	-	30,841,999	7,922,035
Construction	-	-	-	4,444,828	35,171,704	10,441	-	-	-	39,626,973	14,383,475
Electricity, gas and water supply	-	-	-	11,593,034	10,438,427	141,226	-	-	-	22,172,687	705,045
Wholesale, retail trade, restaurants and hotels	-	-	-	2,926,532	49,015,508	88,307	-	19,945	-	52,050,292	30,139,033
Finance, insurance, real estate and business	46,469,074	14,093,218	13,639,082	117,912,475	107,148,497	9,652,056	637,431	6,185,889	15,052,752	330,790,474	97,833,400
Transport, storage and communication	-	-	-	7,486,185	13,307,875	51,868	-	-	-	20,845,928	1,728,392
Education, health and others	-	-	-	546,370	10,271,889	-	-	-	-	10,818,259	1,407,893
Household	-	-	-	11,148	239,517,713	-	-	379,877	-	239,908,738	40,791,836
Others	-	-	-	40,041,854	3,106,803	193,086	43,993	756,540	-	44,142,276	7,692,718
	46,469,074	14,093,218	13,639,082	186,861,494	513,419,710	10,335,629	681,424	7,342,251	15,052,752	807,894,634	205,213,155

\* Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 3. Credit risk concentration profile (cont'd.)

(b) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by industry sector are as follows (cont'd.):

Bank	Cash and short-term funds	Deposits and placements with financial institutions	Financial assets purchased under resale agreements	Financial investments portfolio*	Loans, advances and financing	Derivative assets	Other assets	Statutory deposits with central banks	Total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2020</b>										
Agriculture	-	-	-	721,572	2,319,841	116,261	-	-	3,157,674	453,295
Mining and quarrying	-	-	-	1,162,930	3,522,077	-	-	-	4,685,007	2,326,374
Manufacturing	-	-	-	423,636	13,561,035	97,917	-	-	14,082,588	6,144,726
Construction	-	-	-	5,942,652	10,588,173	489	-	-	16,531,314	11,583,861
Electricity, gas and water supply	-	-	-	1,185,321	6,090,436	345,388	-	-	7,621,145	1,893,136
Wholesale, retail trade, restaurants and hotels	-	-	-	360,984	24,500,776	103,389	-	-	24,965,149	19,002,100
Finance, insurance, real estate and business	24,106,030	15,268,348	14,849,421	99,924,300	92,727,528	18,775,796	3,902,754	1,647,066	271,201,243	45,888,698
Transport, storage and communication	-	-	-	4,076,091	5,366,711	136,840	-	-	9,579,642	2,533,812
Education, health and others	-	-	-	1,374,032	4,526,895	18,982	-	-	5,919,909	153,970
Household	-	-	-	-	66,685,461	-	-	-	66,685,461	27,436,561
Others	-	-	-	17,306,176	35,529	118,740	-	-	17,460,445	8,577,435
	<b>24,106,030</b>	<b>15,268,348</b>	<b>14,849,421</b>	<b>132,477,694</b>	<b>229,924,462</b>	<b>19,713,802</b>	<b>3,902,754</b>	<b>1,647,066</b>	<b>441,889,577</b>	<b>125,993,968</b>
<b>2019</b>										
Agriculture	-	-	-	328,675	2,842,332	16,863	-	-	3,187,870	1,078,873
Mining and quarrying	-	-	-	532,189	3,515,185	-	-	-	4,047,374	1,515,974
Manufacturing	-	-	-	30,844	14,660,571	163,578	-	-	14,854,993	6,922,466
Construction	-	-	-	3,335,665	14,881,630	10,436	-	-	18,227,731	12,883,780
Electricity, gas and water supply	-	-	-	2,132,869	6,182,240	116,043	-	-	8,431,152	670,596
Wholesale, retail trade, restaurants and hotels	-	-	-	633,738	25,025,606	87,727	-	-	25,747,071	26,129,665
Finance, insurance, real estate and business	19,040,534	28,287,338	11,297,036	93,999,666	84,996,864	9,368,408	4,596,923	4,100,932	255,687,701	51,625,673
Transport, storage and communication	-	-	-	4,561,822	4,978,004	49,818	-	-	9,589,644	1,270,796
Education, health and others	-	-	-	383,893	4,725,350	-	-	-	5,109,243	1,407,893
Household	-	-	-	-	64,562,675	-	-	-	64,562,675	25,687,481
Others	-	-	-	19,368,141	218,763	189,130	-	-	19,776,034	5,177,428
	<b>19,040,534</b>	<b>28,287,338</b>	<b>11,297,036</b>	<b>125,307,502</b>	<b>226,589,220</b>	<b>10,002,003</b>	<b>4,596,923</b>	<b>4,100,932</b>	<b>429,221,488</b>	<b>134,370,625</b>

\* Financial investments portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

#### 4. Collateral

The main types of collateral obtained by the Group and the Bank to mitigate credit risk are as follows:

- For mortgages – charges over residential properties;
- For auto loans and financing – ownership claims over the vehicles financed;
- For share margin financing – pledges over securities from listed exchanges;
- For commercial property loans and financing – charges over the properties financed;
- For other loans and financing – charges over business assets such as premises, inventories, trade receivables or deposits; and
- For derivatives – cash and securities collateral for over-the-counter (“OTC”) traded derivatives.

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (e) Credit risk management (cont'd.)

##### 5. Credit quality of financial assets

###### Credit classification for financial assets

The four (4) risk categories are as set out and defined below, from very low to high, apart from impaired, describe the credit quality of the Group's lending. These classifications encompass a range of more granular, internal gradings assigned to loans, advances and financing whilst external gradings are applied to financial investments. There is no direct correlation between the internal and external ratings at a granular level, except to the extent that each falls within a single credit quality band.

Risk Category	Probability of default ("PD") grade	External credit ratings based on S&P's ratings	External credit ratings based on RAM's ratings
Very low	1 – 5	AAA to BBB+	AAA to AA1
Low	6 – 10	BBB+ to BB+	AA1 to A3
Medium	11 – 15	BB+ to B+	A3 to BB1
High	16 – 21	B+ to C	BB1 to C

Risk category is as described below:

Very low	: Obligors rated in this category have an excellent capacity to meet financial commitments with very low credit risk.
Low	: Obligors rated in this category have a good capacity to meet financial commitments with low credit risk.
Medium	: Obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.
High	: Obligors rated in this category have uncertain capacity to meet financial commitments and are subject to high credit risk.

Other than the above rated risk categories, other categories used internally are as follows:

Impaired/default	: Obligors with objective evidence of impairment as a result of one or more events that have an impact on the estimated future cash flows of the obligors that can be reliably estimated. The detailed definition is further disclosed in Note 2.3(v)(d).
Unrated	: Refer to obligors which are currently not assigned with obligors' ratings due to unavailability of ratings models.
Sovereign	: Refer to obligors which are governments.

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount.

###### Financial investments – at FVOCI

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2020</b>				
Very Low	96,759,413	293,151	–	97,052,564
Low	19,470,388	381,436	–	19,851,824
Medium	5,271,267	29,028	–	5,300,295
High	82,234	–	–	82,234
Unrated	4,704,202	–	–	4,704,202
Impaired	–	–	165,715	165,715
Carrying amount – fair value	126,287,504	703,615	165,715	127,156,834
Expected credit loss	(34,819)	(1,718)	(107,281)	(143,818)
<b>2019</b>				
Very Low	92,909,967	364,371	–	93,274,338
Low	23,000,481	59,600	–	23,060,081
Medium	5,097,727	25,881	–	5,123,608
High	274,346	–	–	274,346
Unrated	1,154,279	–	–	1,154,279
Impaired	–	–	176,311	176,311
Carrying amount – fair value	122,436,800	449,852	176,311	123,062,963
Expected credit loss	(23,070)	(540)	(118,727)	(142,337)

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

#### Financial investments – at FVOCI (cont'd.)

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Bank</b>				
<b>2020</b>				
Very Low	56,615,351	–	–	56,615,351
Low	13,085,851	53,910	–	13,139,761
Medium	3,362,807	25,941	–	3,388,748
Unrated	1,895,403	–	–	1,895,403
Impaired	–	–	154,277	154,277
Carrying amount – fair value	74,959,412	79,851	154,277	75,193,540
Expected credit loss	(16,676)	(495)	(71,056)	(88,227)
<b>2019</b>				
Very Low	59,016,679	133,761	–	59,150,440
Low	16,396,561	–	–	16,396,561
Medium	3,583,915	25,881	–	3,609,796
High	187,709	–	–	187,709
Unrated	1,011,911	–	–	1,011,911
Impaired	–	–	163,899	163,899
Carrying amount – fair value	80,196,775	159,642	163,899	80,520,316
Expected credit loss	(13,472)	(400)	(81,877)	(95,749)

#### Financial investments – at amortised cost

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Group</b>				
<b>2020</b>				
Very Low	26,721,731	103	–	26,721,834
Low	11,479,094	157,353	–	11,636,447
Medium	4,182,745	20,379	–	4,203,124
High	213,020	2,744,438	–	2,957,458
Unrated	1,331,747	–	–	1,331,747
Impaired	–	–	173,658	173,658
	43,928,337	2,922,273	173,658	47,024,268
Less: Expected credit loss	(57,578)	(395,043)	(95,731)	(548,352)
Net carrying amount	43,870,759	2,527,230	77,927	46,475,916

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (e) Credit risk management (cont'd.)

## 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

## Financial investments – at amortised cost (cont'd.)

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2019</b>				
Very Low	18,836,829	24,416	–	18,861,245
Low	10,687,454	121,515	–	10,808,969
Medium	2,917,877	35,570	–	2,953,447
High	24,772	510,351	–	535,123
Unrated	1,590,951	–	–	1,590,951
Impaired	–	–	179,381	179,381
	34,057,883	691,852	179,381	34,929,116
Less: Expected credit loss	(29,061)	(23,961)	(91,618)	(144,640)
Net carrying amount	34,028,822	667,891	87,763	34,784,476

Bank	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2020</b>				
Very Low	20,572,964	–	–	20,572,964
Low	17,317,559	91,103	–	17,408,662
Medium	605,650	20,379	–	626,029
High	24,886	1,326,198	–	1,351,084
Impaired	–	–	173,658	173,658
	38,521,059	1,437,680	173,658	40,132,397
Less: Expected credit loss	(16,077)	(163,606)	(95,731)	(275,414)
Net carrying amount	38,504,982	1,274,074	77,927	39,856,983
<b>2019</b>				
Very Low	16,166,161	–	–	16,166,161
Low	15,511,137	121,515	–	15,632,652
Medium	151,454	35,570	–	187,024
High	24,772	510,351	–	535,123
Impaired	–	–	179,381	179,381
	31,853,524	667,436	179,381	32,700,341
Less: Expected credit loss	(9,978)	(23,827)	(91,618)	(125,423)
Net carrying amount	31,843,546	643,609	87,763	32,574,918



## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

#### Loans, advances and financing to financial institutions – at amortised cost

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2020</b>				
Medium	782,533	22,994	–	805,527
High	101,049	–	–	101,049
Less: Expected credit loss	883,582 (6,223)	22,994 (367)	–	906,576 (6,590)
Net carrying amount	877,359	22,627	–	899,986
<b>2019</b>				
Medium	93,729	–	–	93,729
Unrated	1,046,809	–	–	1,046,809
Less: Expected credit loss	1,140,538 (11,920)	–	–	1,140,538 (11,920)
Net carrying amount	1,128,618	–	–	1,128,618
Bank	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2020</b>				
Very Low	12,720,194	–	–	12,720,194
Low	6,450,871	2,491,465	–	8,942,336
Medium	7,032,548	977,559	–	8,010,107
High	101,049	75,430	–	176,479
Impaired	–	–	641,879	641,879
Less: Expected credit loss	26,304,662 (21,722)	3,544,454 (17,223)	641,879 (409,064)	30,490,995 (448,009)
Net carrying amount	26,282,940	3,527,231	232,815	30,042,986
<b>2019</b>				
Very Low	2,294,766	–	–	2,294,766
Low	5,780,412	75,527	–	5,855,939
Medium	2,525,563	1,330,705	–	3,856,268
Unrated	7,075,713	1,342	–	7,077,055
Impaired	–	–	581,328	581,328
Less: Expected credit loss	17,676,454 (18,657)	1,407,574 (5,530)	581,328 (240,930)	19,665,356 (265,117)
Net carrying amount	17,657,797	1,402,044	340,398	19,400,239

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (e) Credit risk management (cont'd.)

## 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

## Loans, advances and financing to customers – at FVOCI

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2020</b>				
Very Low	2,289,095	–	–	2,289,095
Low	7,174,706	–	–	7,174,706
Medium	3,389,891	170,340	–	3,560,231
High	409,486	1,919,242	–	2,328,728
Unrated	289,283	–	–	289,283
Impaired	–	–	389,814	389,814
Carrying amount – fair value	13,552,461	2,089,582	389,814	16,031,857
Expected credit loss	(40,781)	(776,568)	(73,445)	(890,794)
<b>2019</b>				
Low	5,586,627	478,657	–	6,065,284
Medium	2,663,646	125,000	–	2,788,646
High	551,381	76,067	–	627,448
Unrated	113,187	1,438,721	–	1,551,908
Impaired	–	–	787,999	787,999
Carrying amount – fair value	8,914,841	2,118,445	787,999	11,821,285
Expected credit loss	(29,184)	(199,953)	(417,241)	(646,378)
<b>Bank</b>				
<b>2020</b>				
Very Low	459,895	–	–	459,895
Low	7,053,292	–	–	7,053,292
Medium	2,832,698	45,340	–	2,878,038
High	409,486	1,919,242	–	2,328,728
Unrated	180,823	–	–	180,823
Impaired	–	–	389,814	389,814
Carrying amount – fair value	10,936,194	1,964,582	389,814	13,290,590
Expected credit loss	(39,122)	(774,073)	(73,445)	(886,640)
<b>2019</b>				
Low	5,271,243	478,657	–	5,749,900
Medium	2,663,646	–	–	2,663,646
High	551,381	76,067	–	627,448
Unrated	113,187	1,438,721	–	1,551,908
Impaired	–	–	787,999	787,999
Carrying amount – fair value	8,599,457	1,993,445	787,999	11,380,901
Expected credit loss	(28,662)	(197,574)	(417,241)	(643,477)

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

#### Loans, advances and financing to customers – at amortised cost

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2020</b>				
Very Low	165,984,662	277,721	–	166,262,383
Low	158,510,125	9,257,257	–	167,767,382
Medium	66,439,198	27,397,032	–	93,836,230
High	5,961,759	14,996,498	–	20,958,257
Unrated	44,750,324	1,755,180	–	46,505,504
Impaired	–	–	11,284,675	11,284,675
	<b>441,646,068</b>	<b>53,683,688</b>	<b>11,284,675</b>	<b>506,614,431</b>
Less: Expected credit loss	<b>(1,994,831)</b>	<b>(3,376,730)</b>	<b>(6,135,332)</b>	<b>(11,506,893)</b>
Net carrying amount	<b>439,651,237</b>	<b>50,306,958</b>	<b>5,149,343</b>	<b>495,107,538</b>
<b>2019</b>				
Very Low	155,858,907	500,363	–	156,359,270
Low	161,253,566	11,118,182	–	172,371,748
Medium	82,064,909	23,303,718	–	105,368,627
High	5,819,942	12,217,682	–	18,037,624
Unrated	43,473,446	1,443,300	–	44,916,746
Impaired	–	–	13,069,937	13,069,937
	<b>448,470,770</b>	<b>48,583,245</b>	<b>13,069,937</b>	<b>510,123,952</b>
Less: Expected credit loss	<b>(1,423,097)</b>	<b>(1,865,171)</b>	<b>(6,767,580)</b>	<b>(10,055,848)</b>
Net carrying amount	<b>447,047,673</b>	<b>46,718,074</b>	<b>6,302,357</b>	<b>500,068,104</b>
<b>Bank</b>				
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	RM'000
<b>2020</b>				
Very Low	41,054,405	102,905	–	41,157,310
Low	70,193,027	4,408,387	–	74,601,414
Medium	33,076,864	13,303,976	–	46,380,840
High	2,595,812	7,939,517	–	10,535,329
Unrated	13,381,197	471,218	–	13,852,415
Impaired	–	–	6,088,603	6,088,603
	<b>160,301,305</b>	<b>26,226,003</b>	<b>6,088,603</b>	<b>192,615,911</b>
Less: Expected credit loss	<b>(856,954)</b>	<b>(1,705,204)</b>	<b>(3,633,579)</b>	<b>(6,195,737)</b>
Net carrying amount	<b>159,444,351</b>	<b>24,520,799</b>	<b>2,455,024</b>	<b>186,420,174</b>

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (e) Credit risk management (cont'd.)

## 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

## Loans, advances and financing to customers – at amortised cost (cont'd.)

Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2019</b>				
Very Low	39,319,233	101,728	–	39,420,961
Low	80,249,602	6,516,808	–	86,766,410
Medium	38,640,103	10,428,934	–	49,069,037
High	2,462,603	5,200,179	–	7,662,782
Unrated	10,115,944	720,551	–	10,836,495
Impaired	–	–	7,455,868	7,455,868
	170,787,485	22,968,200	7,455,868	201,211,553
Less: Expected credit loss	(507,155)	(869,858)	(4,428,163)	(5,805,176)
Net carrying amount	170,280,330	22,098,342	3,027,705	195,406,377

Group	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Reinsurance/retakaful assets and other insurance receivables RM'000	Statutory deposits with central banks RM'000
<b>2020</b>					
<b>Stage 1</b>					
Sovereign	24,870,880	4,589,865	–	–	7,469,729
Very Low	9,314,618	3,866,752	14,396,833	–	–
Low	4,997,008	1,210,340	2,905,677	54,466	–
Medium	419,019	207,541	210,139	–	–
High	167,097	180,765	–	–	–
Unrated	4,126,522	91,811	41,676	716,182	–
	43,895,144	10,147,074	17,554,325	770,648	7,469,729
Less: Expected credit loss	(10,430)	(18,143)	(10,338)	(37,899)	(1,516)
Net carrying amount	43,884,714	10,128,931	17,543,987	732,749	7,468,213
<b>2019</b>					
<b>Stage 1</b>					
Sovereign	21,861,706	1,936,381	–	–	15,052,752
Very Low	9,407,308	8,661,663	11,756,544	53,701	–
Low	7,603,495	480,000	1,163,396	–	–
Medium	2,002,417	1,443,701	671,670	–	–
High	45,746	1,237,164	53,064	–	–
Unrated	5,564,561	372,212	–	658,639	–
	46,485,233	14,131,121	13,644,674	712,340	15,052,752
Less: Expected credit loss	(16,159)	(37,903)	(5,592)	(30,916)	–
Net carrying amount	46,469,074	14,093,218	13,639,082	681,424	15,052,752

None of the above financial assets is in Stage 2 or Stage 3 as at 31 December 2020 and 31 December 2019.

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Statutory deposits with central banks RM'000
<b>Bank</b>				
<b>2020</b>				
<b>Stage 1</b>				
Sovereign	11,815,730	3,570,941	–	1,647,066
Very Low	3,888,506	4,444,826	14,851,485	–
Low	3,810,397	6,695,132	–	–
Medium	294,657	207,457	–	–
High	13,136	180,765	–	–
Unrated	4,289,234	175,189	–	–
	<b>24,111,660</b>	<b>15,274,310</b>	<b>14,851,485</b>	<b>1,647,066</b>
Less: Expected credit loss	(5,630)	(5,962)	(2,064)	–
Net carrying amount	<b>24,106,030</b>	<b>15,268,348</b>	<b>14,849,421</b>	<b>1,647,066</b>
<b>2019</b>				
<b>Stage 1</b>				
Sovereign	2,650,000	1,936,381	–	4,100,932
Very Low	6,828,959	8,002,681	11,267,462	–
Low	4,503,855	15,724,472	30,368	–
Medium	826,463	1,443,617	–	–
High	10,430	831,048	–	–
Unrated	4,233,376	372,436	–	–
	<b>19,053,083</b>	<b>28,310,635</b>	<b>11,297,830</b>	<b>4,100,932</b>
Less: Expected credit loss	(12,549)	(23,297)	(794)	–
Net carrying amount	<b>19,040,534</b>	<b>28,287,338</b>	<b>11,297,036</b>	<b>4,100,932</b>

None of the above financial assets is in Stage 2 or Stage 3 as at 31 December 2020 and 31 December 2019.

#### Other assets

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
<b>Group</b>				
<b>2020</b>				
Sovereign	3,917	–	–	3,917
Very Low	402,057	–	–	402,057
Low	3,287,532	–	–	3,287,532
Unrated	4,549,624	402	–	4,550,026
Impaired	–	–	149,707	149,707
	<b>8,243,130</b>	<b>402</b>	<b>149,707</b>	<b>8,393,239</b>
Less: Expected credit loss	(6,635)	(8)	(88,426)	(95,069)
Net carrying amount	<b>8,236,495</b>	<b>394</b>	<b>61,281</b>	<b>8,298,170</b>

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (e) Credit risk management (cont'd.)

##### 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

##### Other assets (cont'd.)

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2019</b>				
Very Low	1,688,139	-	-	1,688,139
Low	2,227,246	-	-	2,227,246
Medium	2,500	-	-	2,500
Unrated	3,425,271	403	-	3,425,674
Impaired	-	-	30,550	30,550
	7,343,156	403	30,550	7,374,109
Less: Expected credit loss	(7,270)	(21)	(24,567)	(31,858)
Net carrying amount	7,335,886	382	5,983	7,342,251
Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	RM'000
<b>2020</b>				
Very Low	-	-	-	-
Low	3,286,070	-	-	3,286,070
Unrated	566,114	-	-	566,114
Impaired	-	-	113,911	113,911
	3,852,184	-	113,911	3,966,095
Less: Expected credit loss	-	-	(63,341)	(63,341)
Net carrying amount	3,852,184	-	50,570	3,902,754
<b>2019</b>				
Very Low	1,659,604	-	-	1,659,604
Low	2,226,651	-	-	2,226,651
Medium	2,500	-	-	2,500
Unrated	698,828	-	-	698,828
Impaired	-	-	19,035	19,035
	4,587,583	-	19,035	4,606,618
Less: Expected credit loss	-	-	(9,695)	(9,695)
Net carrying amount	4,587,583	-	9,340	4,596,923

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

#### Loan commitments and financial guarantee contracts

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>2020</b>				
Very Low	3,035,551	14,460	-	3,050,011
Low	4,468,026	515,469	-	4,983,495
Medium	3,923,680	1,602,901	-	5,526,581
High	1,234,075	763,043	-	1,997,118
Unrated	3,596,300	260,683	-	3,856,983
Impaired	-	-	124,911	124,911
Carrying amount	16,257,632	3,156,556	124,911	19,539,099
Expected credit loss	(97,130)	(61,222)	(88,795)	(247,147)
<b>2019</b>				
Very Low	2,651,960	888,162	-	3,540,122
Low	5,294,220	1,078,752	-	6,372,972
Medium	4,741,019	1,035,567	-	5,776,586
High	364,611	990,393	-	1,355,004
Unrated	812,309	86	-	812,395
Impaired	-	-	554,817	554,817
Carrying amount	13,864,119	3,992,960	554,817	18,411,896
Expected credit loss	(92,086)	(108,132)	(478,014)	(678,232)

## Notes to the Financial Statements

31 December 2020

### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (e) Credit risk management (cont'd.)

##### 5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

##### Loan commitments and financial guarantee contracts (cont'd.)

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>Bank</b>				
<b>2020</b>				
Very Low	2,222,373	12,705	–	2,235,078
Low	3,011,563	404,225	–	3,415,788
Medium	1,755,217	845,899	–	2,601,116
High	399,668	681,960	–	1,081,628
Unrated	1,996,499	233,770	–	2,230,269
Impaired	–	–	120,345	120,345
Carrying amount	9,385,320	2,178,559	120,345	11,684,224
Expected credit loss	(42,445)	(37,100)	(84,649)	(164,194)
<b>2019</b>				
Very Low	2,407,949	887,362	–	3,295,311
Low	4,911,198	1,013,972	–	5,925,170
Medium	2,481,023	698,707	–	3,179,730
High	255,031	971,951	–	1,226,982
Unrated	705,104	49	–	705,153
Impaired	–	–	554,670	554,670
Carrying amount	10,760,305	3,572,041	554,670	14,887,016
Expected credit loss	(48,324)	(99,999)	(469,725)	(618,048)

The Group and the Bank issue loan commitments and financial guarantees, consist of undrawn commitment, letters of credit, guarantees and acceptances which the loss allowance is recognised as expected credit loss.

The following table sets out information about the credit quality of financial assets measured at fair value through profit or loss:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial investments</b>				
<b>At FVTPL</b>				
Very Low	1,464,011	5,596,014	31,984	595,508
Low	9,587,725	4,202,288	8,373,584	922,266
Medium	49,411	912,268	21,000	574,563
High	1,021	–	1,021	–
Unrated	23,799,320	18,303,485	8,999,582	10,119,931
Total carrying amount	34,901,488	29,014,055	17,427,171	12,212,268
<b>Loans, advances and financing</b>				
<b>At FVTPL</b>				
Low	170,712	401,703	170,712	401,703
Total carrying amount	170,712	401,703	170,712	401,703



## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 6. Credit quality of impaired financial assets

(i) Impaired financial assets analysed by geographic purpose are as follows:

Group	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Other assets RM'000	Total RM'000
<b>2020</b>				
Malaysia	5,063,672	327,935	136,966	5,528,573
Singapore	3,834,761	-	3,023	3,837,784
Indonesia	1,567,942	11,438	3,977	1,583,357
Labuan Offshore	70,755	-	-	70,755
Hong Kong SAR	132,863	-	2,043	134,906
United States of America	209,065	-	2	209,067
People's Republic of China	162,307	-	-	162,307
Vietnam	39,781	-	20	39,801
United Kingdom	-	-	104	104
Brunei	64,419	-	-	64,419
Cambodia	67,493	-	-	67,493
Philippines	416,341	-	589	416,930
Thailand	34,487	-	2,963	37,450
India	-	-	20	20
Laos	861	-	-	861
Others	9,744	-	-	9,744
	<b>11,674,491</b>	<b>339,373</b>	<b>149,707</b>	<b>12,163,571</b>
<b>2019</b>				
Malaysia	6,242,161	343,280	19,065	6,604,506
Singapore	4,802,502	-	2,223	4,804,725
Indonesia	1,678,934	12,412	-	1,691,346
Labuan Offshore	201,848	-	-	201,848
Hong Kong SAR	69,016	-	2,072	71,088
United States of America	217,606	-	2	217,608
People's Republic of China	257,080	-	-	257,080
Vietnam	57,195	-	36	57,231
United Kingdom	-	-	105	105
Brunei	70,067	-	-	70,067
Cambodia	59,753	-	-	59,753
Philippines	163,996	-	778	164,774
Thailand	35,422	-	6,238	41,660
Laos	2,356	-	-	2,356
Others	-	-	31	31
	<b>13,857,936</b>	<b>355,692</b>	<b>30,550</b>	<b>14,244,178</b>

\* Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (e) Credit risk management (cont'd.)

##### 6. Credit quality of impaired financial assets (cont'd.)

(i) Impaired financial assets analysed by geographic purpose are as follows (cont'd.):

Bank	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Other assets RM'000	Total RM'000
<b>2020</b>				
Malaysia	3,191,060	327,935	113,911	3,632,906
Singapore	3,258,461	-	-	3,258,461
Labuan Offshore	70,755	-	-	70,755
Hong Kong SAR	124,744	-	-	124,744
United States of America	208,498	-	-	208,498
People's Republic of China	162,307	-	-	162,307
Vietnam	39,193	-	-	39,193
Brunei	64,419	-	-	64,419
Laos	861	-	-	861
	<b>7,120,298</b>	<b>327,935</b>	<b>113,911</b>	<b>7,562,144</b>
<b>2019</b>				
Malaysia	3,713,462	343,280	19,035	4,075,777
Singapore	4,246,554	-	-	4,246,554
Labuan Offshore	201,848	-	-	201,848
Hong Kong SAR	60,782	-	-	60,782
United States of America	217,030	-	-	217,030
People's Republic of China	257,080	-	-	257,080
Vietnam	56,016	-	-	56,016
Brunei	70,067	-	-	70,067
Laos	2,356	-	-	2,356
	<b>8,825,195</b>	<b>343,280</b>	<b>19,035</b>	<b>9,187,510</b>

\* Financial investments portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (e) Credit risk management (cont'd.)

#### 6. Credit quality of impaired financial assets (cont'd.)

(ii) Impaired financial assets analysed by industry sectors are as follows:

Group	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Other assets RM'000	Total RM'000
<b>2020</b>				
Agriculture	1,041,294	-	-	1,041,294
Mining and quarrying	22,882	-	-	22,882
Manufacturing	1,014,959	-	-	1,014,959
Construction	1,154,667	327,935	-	1,482,602
Electricity, gas and water supply	1,092,459	-	-	1,092,459
Wholesale, retail trade, restaurants and hotels	2,131,104	-	-	2,131,104
Finance, insurance, real estate and business	1,088,878	11,438	40,803	1,141,119
Transport, storage and communication	1,855,326	-	102,865	1,958,191
Education, health and others	44,713	-	-	44,713
Household	2,046,328	-	3,899	2,050,227
Others	181,881	-	2,140	184,021
	<b>11,674,491</b>	<b>339,373</b>	<b>149,707</b>	<b>12,163,571</b>
<b>2019</b>				
Agriculture	993,570	-	-	993,570
Mining and quarrying	306,259	-	-	306,259
Manufacturing	1,382,171	-	-	1,382,171
Construction	1,522,192	153,612	-	1,675,804
Electricity, gas and water supply	1,949,352	10,287	-	1,959,639
Wholesale, retail trade, restaurants and hotels	1,629,388	-	-	1,629,388
Finance, insurance, real estate and business	1,492,995	191,793	22,022	1,706,810
Transport, storage and communication	2,417,227	-	-	2,417,227
Education, health and others	333,200	-	9	333,209
Household	1,802,405	-	3,078	1,805,483
Others	29,177	-	5,441	34,618
	<b>13,857,936</b>	<b>355,692</b>	<b>30,550</b>	<b>14,244,178</b>

\* Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (e) Credit risk management (cont'd.)

##### 6. Credit quality of impaired financial assets (cont'd.)

(ii) Impaired financial assets analysed by industry sectors are as follows (cont'd.):

Bank	Loans, advances and financing RM'000	Financial investments portfolio* RM'000	Other assets RM'000	Total RM'000
<b>2020</b>				
Agriculture	54,268	-	-	54,268
Mining and quarrying	17,430	-	-	17,430
Manufacturing	420,691	-	-	420,691
Construction	900,862	327,935	-	1,228,797
Electricity, gas and water supply	967,059	-	-	967,059
Wholesale, retail trade, restaurants and hotels	1,234,101	-	-	1,234,101
Finance, insurance, real estate and business	1,338,247	-	11,046	1,349,293
Transport, storage and communication	1,498,174	-	102,865	1,601,039
Education, health and others	13,379	-	-	13,379
Household	674,093	-	-	674,093
Others	1,994	-	-	1,994
	<b>7,120,298</b>	<b>327,935</b>	<b>113,911</b>	<b>7,562,144</b>
<b>2019</b>				
Agriculture	454,897	-	-	454,897
Mining and quarrying	24,831	-	-	24,831
Manufacturing	602,607	-	-	602,607
Construction	1,164,060	153,612	-	1,317,672
Electricity, gas and water supply	1,865,115	10,287	-	1,875,402
Wholesale, retail trade, restaurants and hotels	904,674	-	-	904,674
Finance, insurance, real estate and business	1,167,094	179,381	19,035	1,365,510
Transport, storage and communication	1,774,905	-	-	1,774,905
Education, health and others	250,042	-	-	250,042
Household	614,921	-	-	614,921
Others	2,049	-	-	2,049
	<b>8,825,195</b>	<b>343,280</b>	<b>19,035</b>	<b>9,187,510</b>

\* Financial investments portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

##### 7. Possessed collateral

Assets obtained by taking possession of collateral held as security against loans, advances and financing and held as at the financial year end are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Residential properties	151,769	137,778	-	-
Others	194,161	154,211	28,500	29,412
	<b>345,930</b>	<b>291,989</b>	<b>28,500</b>	<b>29,412</b>

Repossessed collaterals are sold as soon as practicable. Repossessed collaterals are included under 'other assets' on the statement of financial position. The Group and the Bank do not occupy repossessed properties or assets for its business use.

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (f) Market risk management

#### 1. Market risk management overview

##### Market risk management

Market risk is defined as the risk of loss or adverse impact on earnings or capital arising from fluctuations of market rates or prices such as interest/profit rates, foreign exchange rates, commodity prices and equity prices.

#### 2. Market risk management

##### Management of trading activities

The Group's traded market risk exposures are primarily from proprietary trading, flow trading and market making. The risk measurement techniques employed by the Group comprise both quantitative and qualitative measures.

Value at Risk ("VaR") measures the potential loss of value resulting from market movements over a specified period of time within a specified probability of occurrence under normal business situations. The method adopted is based on historical simulation, at a 99.2% confidence level using a 1-day holding period. The VaR model is back tested regularly to evaluate its performance and accuracy. Also, the Group computes a Stressed VaR based on a 1-day holding period to measure the VaR arising from market movements over a previously identified stress period.

Besides VaR, the Group utilises other non-statistical risk measures, such as exposure to a one basis point increase in yield ("PV01") for managing portfolio sensitivity to market interest/profit rate movements, net open position ("NOP") limit for managing foreign currency exposure and Greek limits for controlling options risk. These measures provide granular information on the Group's market risk exposures and are used for control and monitoring purposes.

##### Management and measurement of Interest Rate Risk ("IRR")/Rate of Return Risk ("RoR") in the banking book

The Group emphasises the importance of managing IRR/RoR in the banking book as most of the balance sheet items of the Group generate interest/profit income and interest expense/profit distributed to depositors, which are indexed to interest/profit rates. Volatility of earnings can pose a threat to the Group's profitability while economic value provides a more comprehensive view of the potential long-term effects on the Group's overall capital adequacy.

IRR/RoR in the banking book encompasses repricing risk, yield curve risk, basis risk and option risk arising from movement in interest/profit rates. The objective of the Group's IRR/RoR in the banking book framework is to ensure that all IRR/RoR in the banking book is managed within its risk appetite.

IRR/RoR in the banking book is measured and monitored proactively, using the following principal measurement techniques:

- Repricing Gap Analysis
- Economic Value at Risk
- Earnings at Risk

#### 3. Interest rate risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows. Interest rate risk exposure is identified, measured, monitored and controlled through limits and procedures set by the Group ALCO to protect total net interest income from changes in market interest rates.

##### *IBOR reformed*

London Inter-bank Offered Rate ("LIBOR") which has been widely used in the global financial markets, would be discontinued by end-2021 and be replaced by RFRs as part of the global reform of benchmark interest rate. The transition from LIBOR to RFRs will have significant impact on the bank arising from legal implications for existing derivatives and loan contract referenced to LIBOR, adjustment to accounting and valuation approaches, and system recalibration and reconfiguration. In June 2019, Maybank set up the LIBOR Transition Project Steering Committee ("PSC"), which consists of senior leaders from various functions across the Group including Legal, Finance, Operations, Technology, Risk and Compliance, to address the Bank's readiness for the IBOR Reform.

Since the establishment of the PSC, Maybank has been planning and laying the foundations to ensure a smooth LIBOR Transition within the organisation and for its clients. These efforts include reviewing affected legal contracts, staff training, client engagement and ensuring systems and operational readiness to offer RFR products. Maybank actively monitors the developments in the industry in order to align itself to global market practices. The Board is updated on the progress of Maybank's LIBOR Transition on a quarterly basis.

IBOR reform exposes the Group and the Bank to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to affect IBOR reform;
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Operational risk arising from changes to the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available;
- Accounting risk if the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs; and
- Legal and Compliance risk of litigation due to transition value transfer between bank and its customers and counterparties.

As at 31 December 2020, the Group's and the Bank's exposure to significant IBORs subject to reform that have yet to transition to RFRs is RM474,337.3 million and RM467,125.5 million, respectively. These exposure will remain outstanding until the IBOR ceases.

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (f) Market risk management (cont'd.)

#### 3. Interest rate risk (cont'd.)

The tables below summarise the Group's and the Bank's exposure to interest rate risk as at 31 December 2020 and 31 December 2019. The tables indicate effective average interest rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier.

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
<b>2020</b>									
<b>Assets</b>									
Cash and short-term funds	33,889,164	-	-	-	-	9,995,550	-	43,884,714	1.82
Deposits and placements with financial institutions	-	5,827,609	721,212	2,930,917	-	649,193	-	10,128,931	1.97
Financial assets purchased under resale agreements	14,261,263	2,828,072	454,652	-	-	-	-	17,543,987	2.25
Financial assets designated upon initial recognition at fair value through profit or loss	-	-	-	-	-	-	14,028,031	14,028,031	2.49
Financial investments at fair value through profit or loss	-	-	-	-	-	-	27,179,846	27,179,846	2.17
Financial investments at fair value through other comprehensive income	27,132,063	5,337,270	7,657,093	31,442,852	54,929,063	1,004,340	-	127,502,681	2.45
Financial investments at amortised cost	167,613	1,523,463	1,311,740	18,331,976	24,877,016	264,108	-	46,475,916	3.55
Loans, advances and financing									
- Non-impaired	318,500,040	38,502,795	42,644,413	52,383,667	60,091,615	-	-	512,122,530	5.21
- Impaired*	5,465,714	-	-	-	-	-	-	5,465,714	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(5,378,151)	-	(5,378,151)	-
Derivative assets	-	-	-	-	-	-	19,907,957	19,907,957	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	5,778,581	-	5,778,581	-
Other assets	-	-	-	-	-	10,236,874	-	10,236,874	-
Investment properties	-	-	-	-	-	941,545	-	941,545	-
Other non-interest sensitive balances	-	-	-	-	-	21,040,358	-	21,040,358	-
<b>Total assets</b>	<b>399,415,857</b>	<b>54,019,209</b>	<b>52,789,110</b>	<b>105,089,412</b>	<b>139,897,694</b>	<b>44,532,398</b>	<b>61,115,834</b>	<b>856,859,514</b>	
<b>Liabilities and shareholders' equity</b>									
Customers' funding:									
- Deposits from customers	194,886,559	88,996,446	128,670,890	83,449,113	60,346,364	-	-	556,349,372	1.44
- Investment accounts of customers <sup>^</sup>	2,923,190	2,209,050	6,052,698	5,492,301	7,163,557	-	-	23,840,796	1.62
Deposits and placements from financial institutions	15,414,296	7,834,168	3,003,981	5,463,271	3,239,507	2,923,643	-	37,878,866	1.37
Obligations on financial assets sold under repurchase agreements	6,336,366	2,793,565	456,367	1,544,917	-	-	-	11,131,215	3.94
Derivative liabilities	-	-	-	-	-	-	19,151,751	19,151,751	-
Financial liabilities at fair value through profit or loss	-	239,931	-	-	9,921,990	-	-	10,161,921	4.09
Bills and acceptances payable	261,400	1,425	341	-	80	734,417	-	997,663	2.02
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	37,694,765	-	37,694,765	-
Other liabilities	397,794	20,936	190,773	2,240,573	-	18,177,839	-	21,027,915	1.45
Borrowings	2,482,677	4,058,993	9,503,349	18,808,702	3,243,503	-	-	38,097,224	2.06
Subordinated obligations	100,140	-	2,062,142	4,393,239	2,412,310	-	-	8,967,831	3.98
Capital securities	27,793	-	-	1,240,000	1,560,000	-	-	2,827,793	4.07
Other non-interest sensitive balances	-	-	-	-	-	1,622,775	-	1,622,775	-
<b>Total liabilities</b>	<b>222,830,215</b>	<b>106,154,514</b>	<b>149,940,541</b>	<b>122,632,116</b>	<b>87,887,311</b>	<b>61,153,439</b>	<b>19,151,751</b>	<b>769,749,887</b>	
Shareholders' equity	-	-	-	-	-	84,436,647	-	84,436,647	-
Non-controlling interests	-	-	-	-	-	2,672,980	-	2,672,980	-
	-	-	-	-	-	87,109,627	-	87,109,627	-
<b>Total liabilities and shareholders' equity</b>	<b>222,830,215</b>	<b>106,154,514</b>	<b>149,940,541</b>	<b>122,632,116</b>	<b>87,887,311</b>	<b>148,263,066</b>	<b>19,151,751</b>	<b>856,859,514</b>	
On-balance sheet interest sensitivity gap	176,585,642	(52,135,305)	(97,151,431)	(17,542,704)	52,010,383	(103,730,668)	41,964,083		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(3,069,221)	(17,753,207)	21,743,760	(2,211,821)	1,290,489	-	-		
<b>Total interest sensitivity gap</b>	<b>173,516,421</b>	<b>(69,888,512)</b>	<b>(75,407,671)</b>	<b>(19,754,525)</b>	<b>53,300,872</b>	<b>(103,730,668)</b>	<b>41,964,083</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>173,516,421</b>	<b>103,627,909</b>	<b>28,220,238</b>	<b>8,465,713</b>	<b>61,766,585</b>	<b>(41,964,083)</b>	<b>-</b>		

\* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired loans.

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (f) Market risk management (cont'd.)

#### 3. Interest rate risk (cont'd.)

The tables below summarise the Group's and the Bank's exposure to interest rate risk as at 31 December 2020 and 31 December 2019. The tables indicate effective average interest rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier (cont'd.).

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
<b>2019</b>									
<b>Assets</b>									
Cash and short-term funds	38,671,631	-	-	-	-	7,797,443	-	46,469,074	2.53
Deposits and placements with financial institutions	-	6,375,662	6,837,638	66,501	-	813,417	-	14,093,218	2.76
Financial assets purchased under resale agreements	13,639,082	-	-	-	-	-	-	13,639,082	1.97
Financial assets designated upon initial recognition at fair value through profit or loss	-	-	-	-	-	-	14,323,303	14,323,303	2.40
Financial investments at fair value through profit or loss	-	-	-	-	-	-	20,370,865	20,370,865	2.81
Financial investments at fair value through other comprehensive income	26,568,445	8,066,345	11,772,818	29,424,868	43,607,347	3,911,710	-	123,351,533	3.27
Financial investments at amortised cost	595,862	1,262,434	1,113,716	15,664,044	16,010,245	138,175	-	34,784,476	4.50
Loans, advances and financing									
- Non-impaired	333,182,530	38,408,448	40,669,417	51,080,343	46,706,045	-	-	510,046,783	5.35
- Impaired*	6,673,115	-	-	-	-	-	-	6,673,115	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(3,300,188)	-	(3,300,188)	-
Derivative assets	-	-	-	-	-	-	10,335,629	10,335,629	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	4,232,089	-	4,232,089	-
Other assets	-	-	-	-	-	9,479,084	-	9,479,084	-
Investment properties	-	-	-	-	-	921,471	-	921,471	-
Other non-interest sensitive balances	-	-	-	-	-	28,993,481	-	28,993,481	-
<b>Total assets</b>	<b>419,330,665</b>	<b>54,112,889</b>	<b>60,393,589</b>	<b>96,235,756</b>	<b>106,323,637</b>	<b>52,986,682</b>	<b>45,029,797</b>	<b>834,413,015</b>	
<b>Liabilities and shareholders' equity</b>									
Customers' funding:									
- Deposits from customers	200,736,924	91,594,215	142,483,788	63,869,734	45,846,251	-	-	544,530,912	2.18
- Investment accounts of customers <sup>^</sup>	3,779,986	1,542,473	5,589,442	4,260,753	5,565,016	-	-	20,737,670	2.51
Deposits and placements from financial institutions	15,476,766	9,137,687	16,230,530	1,454,525	227,434	1,030,267	-	43,557,209	2.21
Obligations on financial assets sold under repurchase agreements	5,185,486	4,537,457	2,680,397	1,575,404	-	-	-	13,978,744	2.43
Derivative liabilities	-	-	-	-	-	-	11,182,307	11,182,307	-
Financial liabilities at fair value through profit or loss	-	123	22,750	325,940	6,181,940	-	-	6,530,753	4.58
Bills and acceptances payable	491,072	2,240	866	-	77	797,559	-	1,291,814	1.58
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	30,885,630	-	30,885,630	-
Other liabilities	279,821	189,803	786,225	4,701,043	49,114	15,563,521	-	21,569,527	1.36
Recourse obligation on loans and financing sold to Cagamas	-	-	1,526,225	-	-	-	-	1,526,225	4.20
Borrowings	5,317,155	4,660,699	9,331,464	20,865,450	1,164,647	-	-	41,339,415	2.78
Subordinated obligations	109,816	-	-	151,395	9,059,914	-	-	9,321,125	4.63
Capital securities	27,123	-	-	-	2,800,000	-	-	2,827,123	4.07
Other non-interest sensitive balances	-	-	-	-	-	1,065,337	-	1,065,337	-
<b>Total liabilities</b>	<b>231,404,149</b>	<b>111,664,697</b>	<b>178,651,687</b>	<b>97,204,244</b>	<b>70,894,393</b>	<b>49,342,314</b>	<b>11,182,307</b>	<b>750,343,791</b>	
Shareholders' equity	-	-	-	-	-	81,570,938	-	81,570,938	-
Non-controlling interests	-	-	-	-	-	2,498,286	-	2,498,286	-
	-	-	-	-	-	84,069,224	-	84,069,224	-
<b>Total liabilities and shareholders' equity</b>	<b>231,404,149</b>	<b>111,664,697</b>	<b>178,651,687</b>	<b>97,204,244</b>	<b>70,894,393</b>	<b>133,411,538</b>	<b>11,182,307</b>	<b>834,413,015</b>	
On-balance sheet interest sensitivity gap	187,926,516	(57,551,808)	(118,258,098)	(968,488)	35,429,244	(80,424,856)	33,847,490		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(15,354,182)	(29,720,180)	13,024,934	31,956,554	92,874	-	-		
<b>Total interest sensitivity gap</b>	<b>172,572,334</b>	<b>(87,271,988)</b>	<b>(105,233,164)</b>	<b>30,988,066</b>	<b>35,522,118</b>	<b>(80,424,856)</b>	<b>33,847,490</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>172,572,334</b>	<b>85,300,346</b>	<b>(19,932,818)</b>	<b>11,055,248</b>	<b>46,577,366</b>	<b>(33,847,490)</b>	<b>-</b>		

\* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired loans.

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## Notes to the Financial Statements

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (f) Market risk management (cont'd.)

##### 3. Interest rate risk (cont'd.)

The tables below summarise the Group's and the Bank's exposure to interest rate risk as at 31 December 2020 and 31 December 2019. The tables indicate effective average interest rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier (cont'd.).

Bank	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
<b>2020</b>									
<b>Assets</b>									
Cash and short-term funds	16,415,874	-	-	-	-	7,690,156	-	24,106,030	1.15
Deposits and placements with financial institutions	-	8,173,325	3,238,913	3,437,495	383,053	35,562	-	15,268,348	1.23
Financial assets purchased under resale agreements	11,566,697	2,828,072	454,652	-	-	-	-	14,849,421	1.72
Financial investments at fair value through profit or loss	-	-	-	-	-	-	18,189,480	18,189,480	1.56
Financial investments at fair value through other comprehensive income	4,118,495	3,033,593	6,175,357	17,676,538	43,620,670	909,140	-	75,533,793	2.10
Financial investments at amortised cost	55,513	3,876,928	5,725,903	11,777,615	18,157,197	263,827	-	39,856,983	3.35
Loans, advances and financing									
- Non-impaired	149,374,224	20,912,707	12,358,077	24,604,014	22,272,333	-	-	229,521,355	3.77
- Impaired*	3,004,210	-	-	-	-	-	-	3,004,210	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(2,601,103)	-	(2,601,103)	-
Derivative assets	-	-	-	-	-	-	19,713,802	19,713,802	-
Other assets	-	-	-	-	-	4,116,602	-	4,116,602	-
Other non-interest sensitive balances	-	-	-	-	-	34,744,725	-	34,744,725	-
<b>Total assets</b>	<b>184,535,013</b>	<b>38,824,625</b>	<b>27,952,902</b>	<b>57,495,662</b>	<b>84,433,253</b>	<b>45,158,909</b>	<b>37,903,282</b>	<b>476,303,646</b>	
<b>Liabilities and shareholders' equity</b>									
Deposits from customers	85,960,625	39,142,035	55,928,556	33,955,880	35,038,239	-	-	250,025,335	0.98
Deposits and placements from financial institutions	17,356,641	8,484,831	2,256,009	3,889,947	239,770	2,492,917	-	34,720,115	0.95
Obligations on financial assets sold under repurchase agreements	32,127,456	2,793,565	456,367	1,544,917	-	-	-	36,922,305	1.17
Derivative liabilities	-	-	-	-	-	-	18,724,393	18,724,393	-
Financial liabilities at fair value through profit or loss	-	239,931	-	-	9,921,990	-	-	10,161,921	4.09
Bills and acceptances payable	974	1,425	341	-	-	455,877	-	458,617	4.40
Other liabilities	270,289	8,578	13,767	19,893	-	7,497,540	-	7,810,067	1.11
Borrowings	516,753	3,264,621	8,864,381	17,271,796	3,216,704	-	-	33,134,255	1.56
Subordinated obligations	100,139	-	2,008,500	4,300,000	2,400,000	-	-	8,808,639	3.86
Capital securities	27,793	-	-	1,240,000	1,560,000	-	-	2,827,793	4.07
Other non-interest sensitive balances	-	-	-	-	-	443,950	-	443,950	-
<b>Total liabilities</b>	<b>136,360,670</b>	<b>53,934,986</b>	<b>69,527,921</b>	<b>62,222,433</b>	<b>52,376,703</b>	<b>10,890,284</b>	<b>18,724,393</b>	<b>404,037,390</b>	
Shareholders' equity	-	-	-	-	-	72,266,256	-	72,266,256	-
<b>Total liabilities and shareholders' equity</b>	<b>136,360,670</b>	<b>53,934,986</b>	<b>69,527,921</b>	<b>62,222,433</b>	<b>52,376,703</b>	<b>83,156,540</b>	<b>18,724,393</b>	<b>476,303,646</b>	
On-balance sheet interest sensitivity gap	48,174,343	(15,110,361)	(41,575,019)	(4,726,771)	32,056,550	(37,997,631)	19,178,889		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(3,191,617)	(16,856,416)	21,740,590	(3,033,046)	1,340,489	-	-		
<b>Total interest sensitivity gap</b>	<b>44,982,726</b>	<b>(31,966,777)</b>	<b>(19,834,429)</b>	<b>(7,759,817)</b>	<b>33,397,039</b>	<b>(37,997,631)</b>	<b>19,178,889</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>44,982,726</b>	<b>13,015,949</b>	<b>(6,818,480)</b>	<b>(14,578,297)</b>	<b>18,818,742</b>	<b>(19,178,889)</b>	<b>-</b>		

\* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired loans.



## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (f) Market risk management (cont'd.)

#### 3. Interest rate risk (cont'd.)

The tables below summarise the Group's and the Bank's exposure to interest rate risk as at 31 December 2020 and 31 December 2019. The tables indicate effective average interest rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier (cont'd.).

Bank	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
<b>2019</b>									
<b>Assets</b>									
Cash and short-term funds	13,740,844	-	-	-	-	5,299,690	-	19,040,534	1.68
Deposits and placements with financial institutions	-	15,025,068	10,463,415	2,157,480	221,690	419,685	-	28,287,338	2.85
Financial assets purchased under resale agreements	11,297,036	-	-	-	-	-	-	11,297,036	1.75
Financial investments at fair value through profit or loss	-	-	-	-	-	-	12,912,823	12,912,823	2.47
Financial investments at fair value through other comprehensive income	2,454,620	7,289,657	8,085,682	21,575,798	37,516,217	3,876,726	-	80,798,700	3.39
Financial investments at amortised cost	24,998	2,214,680	6,070,696	12,131,461	11,995,184	137,899	-	32,574,918	4.17
Loans, advances and financing									
- Non-impaired	152,578,739	20,417,826	8,929,816	27,117,982	15,207,196	-	-	224,251,559	4.79
- Impaired*	3,738,861	-	-	-	-	-	-	3,738,861	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(1,401,200)	-	(1,401,200)	-
Derivative assets	-	-	-	-	-	-	10,002,003	10,002,003	-
Other assets	-	-	-	-	-	4,943,190	-	4,943,190	-
Other non-interest sensitive balances	-	-	-	-	-	37,914,584	-	37,914,584	-
<b>Total assets</b>	<b>183,835,098</b>	<b>44,947,231</b>	<b>33,549,609</b>	<b>62,982,721</b>	<b>64,940,287</b>	<b>51,190,574</b>	<b>22,914,826</b>	<b>464,360,346</b>	
<b>Liabilities and shareholders' equity</b>									
Deposits from customers	90,593,456	38,585,711	52,251,357	35,229,285	26,097,808	-	-	242,757,617	1.79
Deposits and placements from financial institutions	27,384,971	8,167,534	14,681,718	385,265	200,000	535,047	-	51,354,535	2.20
Obligations on financial assets sold under repurchase agreements	19,584,811	4,537,457	2,595,360	1,575,404	-	-	-	28,293,032	1.89
Derivative liabilities	-	-	-	-	-	-	10,588,278	10,588,278	-
Financial liabilities at fair value through profit or loss	-	123	22,750	325,940	6,181,940	-	-	6,530,753	4.58
Bills and acceptances payable	3,079	2,240	866	-	-	473,477	-	479,662	4.26
Other liabilities	199,664	57,916	34,329	3,103	-	7,657,396	-	7,952,408	1.65
Recourse obligation on loans and financing sold to Cagamas	-	-	1,526,225	-	-	-	-	1,526,225	4.20
Borrowings	974,993	3,321,314	8,423,567	18,790,026	1,135,125	-	-	32,645,025	2.04
Subordinated obligations	109,816	-	-	-	9,047,000	-	-	9,156,816	4.53
Capital securities	27,123	-	-	-	2,800,000	-	-	2,827,123	4.07
Other non-interest sensitive balances	-	-	-	-	-	185,495	-	185,495	-
<b>Total liabilities</b>	<b>138,877,913</b>	<b>54,672,295</b>	<b>79,536,172</b>	<b>56,309,023</b>	<b>45,461,873</b>	<b>8,851,415</b>	<b>10,588,278</b>	<b>394,296,969</b>	
Shareholders' equity	-	-	-	-	-	70,063,377	-	70,063,377	-
<b>Total liabilities and shareholders' equity</b>	<b>138,877,913</b>	<b>54,672,295</b>	<b>79,536,172</b>	<b>56,309,023</b>	<b>45,461,873</b>	<b>78,914,792</b>	<b>10,588,278</b>	<b>464,360,346</b>	
On-balance sheet interest sensitivity gap	44,957,185	(9,725,064)	(45,986,563)	6,673,698	19,478,414	(27,724,218)	12,326,548		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(14,700,319)	(29,401,206)	13,031,097	31,187,554	(117,126)	-	-		
<b>Total interest sensitivity gap</b>	<b>30,256,866</b>	<b>(39,126,270)</b>	<b>(32,955,466)</b>	<b>37,861,252</b>	<b>19,361,288</b>	<b>(27,724,218)</b>	<b>12,326,548</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>30,256,866</b>	<b>(8,869,404)</b>	<b>(41,824,870)</b>	<b>(3,963,618)</b>	<b>15,397,670</b>	<b>(12,326,548)</b>	<b>-</b>		

\* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired loans.

## Notes to the Financial Statements

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (f) Market risk management (cont'd.)

##### 4. Yield/Profit rate risk on IBS portfolio

The Group is exposed to the risk associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position and cash flows of the IBS portfolio. The fluctuations in yield/profit rate can be influenced by changes in profit rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the ALCO to protect the income from IBS operations.

The tables below summarise the Group's exposure to yield/profit rate risk for the IBS operations as at 31 December 2020 and 31 December 2019. The tables indicate effective average yield/profit rates at the reporting date and the periods in which the financial instruments are either repriced or mature, whichever is earlier.

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
<b>2020</b>									
<b>Assets</b>									
Cash and short-term funds	9,890,474	-	-	-	-	29,506	-	9,919,980	1.74
Financial assets purchased under resale agreements	3,625,611	-	-	-	-	-	-	3,625,611	1.77
Financial investments at fair value through other comprehensive income	140,644	709,768	334,781	8,890,731	8,377,215	-	-	18,453,139	2.57
Financial investments at amortised cost	-	307,023	457,874	7,758,351	7,857,759	-	-	16,381,007	4.04
Financing and advances									
- Non-impaired	134,291,052	4,758,221	2,256,889	16,980,091	45,967,182	-	-	204,253,435	4.21
- Impaired*	1,197,584	-	-	-	-	-	-	1,197,584	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(1,784,144)	-	(1,784,144)	-
Derivative assets	-	-	-	-	-	-	385,303	385,303	-
Other assets	-	-	-	-	-	3,459,012	-	3,459,012	-
Other non-yield/profit sensitive balances	-	-	-	-	-	23,471	-	23,471	-
<b>Total assets</b>	<b>149,145,365</b>	<b>5,775,012</b>	<b>3,049,544</b>	<b>33,629,173</b>	<b>62,202,156</b>	<b>1,727,845</b>	<b>385,303</b>	<b>255,914,398</b>	
<b>Liabilities and Islamic banking capital funds</b>									
Customers' funding:									
- Deposits from customers	48,182,296	34,294,602	36,165,046	24,454,561	22,171,738	-	-	165,268,243	1.47
- Investment accounts of customers <sup>^</sup>	2,923,190	2,209,050	6,052,698	5,492,301	7,163,557	-	-	23,840,796	1.62
Deposits and placements from financial institutions	8,130,196	5,254,551	6,304,950	5,584,670	13,158,136	338,349	-	38,770,852	2.71
Derivative liabilities	-	-	-	-	-	-	656,302	656,302	-
Bills and acceptances payable	-	-	-	-	-	38,086	-	38,086	-
Other liabilities	1,161	-	-	-	-	782,221	-	783,382	0.42
Term funding	-	2,989,539	6,959,579	-	945,940	-	-	10,895,058	2.38
Subordinated sukuk	-	1,017,454	-	1,010,849	-	-	-	2,028,303	4.58
Capital securities	-	-	-	1,002,441	-	-	-	1,002,441	4.95
Other non-yield/profit sensitive balances	-	-	-	-	-	471,068	-	471,068	-
<b>Total liabilities</b>	<b>59,236,843</b>	<b>45,765,196</b>	<b>55,482,273</b>	<b>37,544,822</b>	<b>43,439,371</b>	<b>1,629,724</b>	<b>656,302</b>	<b>243,754,531</b>	
Islamic banking capital funds	-	-	-	-	-	12,159,867	-	12,159,867	-
<b>Total liabilities and Islamic banking capital funds</b>	<b>59,236,843</b>	<b>45,765,196</b>	<b>55,482,273</b>	<b>37,544,822</b>	<b>43,439,371</b>	<b>13,789,591</b>	<b>656,302</b>	<b>255,914,398</b>	
On-balance sheet yield/profit rate sensitivity gap	89,908,522	(39,990,184)	(52,432,729)	(3,915,649)	18,762,785	(12,061,746)	(270,999)		
Off-balance sheet yield/profit rate sensitivity gap	133	(904)	-	821	(50)	-	-		
<b>Total profit rate sensitivity gap</b>	<b>89,908,655</b>	<b>(39,991,088)</b>	<b>(52,432,729)</b>	<b>(3,914,828)</b>	<b>18,762,735</b>	<b>(12,061,746)</b>	<b>(270,999)</b>		
<b>Cumulative yield/profit rate sensitivity gap</b>	<b>89,908,655</b>	<b>49,917,567</b>	<b>(2,515,162)</b>	<b>(6,429,990)</b>	<b>12,332,745</b>	<b>270,999</b>	<b>-</b>		

\* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired financing outstanding.

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (f) Market risk management (cont'd.)

#### 4. Yield/Profit rate risk on IBS portfolio (cont'd.)

The tables below summarise the Group's exposure to yield/profit rate risk for the IBS operations as at 31 December 2020 and 31 December 2019. The tables indicate effective average yield/profit rates at the reporting date and the periods in which the financial instruments are either repriced or mature, whichever is earlier (cont'd.).

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
<b>2019</b>									
<b>Assets</b>									
Cash and short-term funds	21,703,237	-	-	-	-	29,314	-	21,732,551	2.82
Financial investments at fair value through profit or loss	-	-	-	-	-	-	383,194	383,194	3.19
Financial investments at fair value through other comprehensive income	1,198,172	-	2,304,793	5,376,080	6,413,475	-	-	15,292,520	3.92
Financial investments at amortised cost	-	-	251,404	5,530,038	3,890,234	-	-	9,671,676	5.18
Financing and advances									
- Non-impaired	137,623,935	4,804,276	1,995,019	13,205,039	31,259,862	-	-	188,888,131	5.16
- Impaired*	1,862,448	-	-	-	-	-	-	1,862,448	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(987,605)	-	(987,605)	-
Derivative assets	-	-	-	-	-	-	200,414	200,414	-
Other assets	-	-	-	-	-	4,574,547	-	4,574,547	-
Other non-yield/profit sensitive balances	-	-	-	-	-	4,256,461	-	4,256,461	-
<b>Total assets</b>	<b>162,387,792</b>	<b>4,804,276</b>	<b>4,551,216</b>	<b>24,111,157</b>	<b>41,563,571</b>	<b>7,872,717</b>	<b>583,608</b>	<b>245,874,337</b>	
<b>Liabilities and Islamic banking capital funds</b>									
Customers' funding:									
- Deposits from customers	55,296,995	34,871,824	42,658,754	11,835,855	16,375,709	-	-	161,039,137	2.71
- Investment accounts of customers <sup>^</sup>	3,779,986	1,542,473	5,589,442	4,260,753	5,565,016	-	-	20,737,670	2.51
Deposits and placements from financial institutions	5,492,626	11,113,999	5,045,166	11,793,492	4,948,589	433,684	-	38,827,556	3.15
Derivative liabilities	-	-	-	-	-	-	221,674	221,674	-
Bills and acceptances payable	-	-	-	-	-	137,893	-	137,893	-
Other liabilities	1,737	-	-	-	-	589,318	-	591,055	0.98
Term funding	-	2,186,776	7,705,217	-	-	-	-	9,891,993	3.72
Subordinated sukuk	-	-	-	2,028,311	-	-	-	2,028,311	4.58
Capital securities	-	-	-	1,002,170	-	-	-	1,002,170	4.95
Other non-yield/profit sensitive balances	-	-	-	-	-	120,372	-	120,372	-
<b>Total liabilities</b>	<b>64,571,344</b>	<b>49,715,072</b>	<b>60,998,579</b>	<b>30,920,581</b>	<b>26,889,314</b>	<b>1,281,267</b>	<b>221,674</b>	<b>234,597,831</b>	
Islamic banking capital funds	-	-	-	-	-	11,276,506	-	11,276,506	-
<b>Total liabilities and Islamic banking capital funds</b>	<b>64,571,344</b>	<b>49,715,072</b>	<b>60,998,579</b>	<b>30,920,581</b>	<b>26,889,314</b>	<b>12,557,773</b>	<b>221,674</b>	<b>245,874,337</b>	
On-balance sheet yield/profit rate sensitivity gap	97,816,448	(44,910,796)	(56,447,363)	(6,809,424)	14,674,257	(4,685,056)	361,934		
Off-balance sheet yield/profit rate sensitivity gap	(662)	(317)	-	769	210	-	-		
<b>Total profit rate sensitivity gap</b>	<b>97,815,786</b>	<b>(44,911,113)</b>	<b>(56,447,363)</b>	<b>(6,808,655)</b>	<b>14,674,467</b>	<b>(4,685,056)</b>	<b>361,934</b>		
<b>Cumulative yield/profit rate sensitivity gap</b>	<b>97,815,786</b>	<b>52,904,673</b>	<b>(3,542,690)</b>	<b>(10,351,345)</b>	<b>4,323,122</b>	<b>(361,934)</b>	<b>-</b>		

\* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired financing outstanding.

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## Notes to the Financial Statements

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (f) Market risk management (cont'd.)

##### 5. Sensitivity analysis for interest rate risk

The tables below show the sensitivity of the Group's and of the Bank's profit after tax to an up and down 100 basis points parallel rate shock.

	Tax rate	Group		Bank	
		+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
<b>2020</b>					
Impact to profit before tax		1,199,838	(1,199,838)	274,113	(274,113)
Impact to profit after tax	24%	911,877	(911,877)	208,326	(208,326)
<b>2019</b>					
Impact to profit before tax		856,299	(856,299)	(41,544)	41,544
Impact to profit after tax	24%	650,787	(650,787)	(31,573)	31,573

Impact to profit after tax is measured using Earnings-at-Risk ("EaR") methodology which is simulated based on a set of standardised rate shocks on the interest rate gap profile derived from the financial position of the Group and of the Bank. The interest rate gap is the mismatch of rate sensitive assets and rate sensitive liabilities taking into consideration the earlier of repricing or remaining maturity, behavioural assumptions of certain indeterminate maturity products such as current and savings deposits, to reflect the actual sensitivity behaviour of these interest bearing liabilities.

Impact to revaluation reserve is assessed by applying up and down 100 basis points rate shocks to the yield curve to model the impact on mark-to-market of financial investments at fair value through other comprehensive income ("FVOCI").

	Group		Bank	
	+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
<b>2020</b>				
Impact to revaluation reserve for FVOCI	(6,577,024)	6,577,024	(4,755,356)	4,755,356
<b>2019</b>				
Impact to revaluation reserve for FVOCI	(5,684,102)	5,684,102	(4,362,096)	4,362,096

##### 6. Foreign exchange risk

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's operating business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The FX translation risks are mitigated as the assets are funded in the same currency. In addition, the earnings from the overseas operations are repatriated in line with Management Committees' direction as and when required. The Group controls its FX exposures by transacting in permissible currencies. It has an internal FX NOP to measure, control and monitor its FX risk and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital to buffer the FX risk.

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (f) Market risk management (cont'd.)

#### 6. Foreign exchange risk (cont'd.)

The tables below analyse the net foreign exchange positions of the Group and of the Bank as at 31 December 2020 and 31 December 2019, by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, Great Britain Pound, Hong Kong Dollar, US Dollar, Indonesia Rupiah and Euro. The "others" foreign exchange risk include mainly exposure to Australian Dollar, Japanese Yen, Chinese Renminbi, Philippine Peso and Brunei Dollar.

Group	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
<b>2020</b>									
<b>Assets</b>									
Cash and short-term funds	17,278,971	12,182,340	413,762	1,954,747	7,098,580	1,338,940	215,950	3,401,424	43,884,714
Deposits and placements with financial institutions	63,310	4,739,379	-	335	4,908,554	21	-	417,332	10,128,931
Financial assets purchased under resale agreements	-	8,358,284	-	-	6,103,911	2,962,421	-	119,371	17,543,987
Financial assets designated upon initial recognition at fair value through profit or loss	13,767,880	480	-	2,859	194,814	658	-	61,340	14,028,031
Financial investments at fair value through profit or loss	11,028,974	5,706,903	-	141,152	4,012,304	1,206,893	69,464	5,014,156	27,179,846
Financial investments at fair value through other comprehensive income	61,705,349	33,450,411	-	392,966	15,134,685	5,069,339	866,432	10,883,499	127,502,681
Financial investments at amortised cost	41,638,987	-	-	-	2,725,432	868,856	-	1,242,641	46,475,916
Loans, advances and financing to financial institutions	-	-	-	-	99,606	800,380	-	-	899,986
Loans, advances and financing to customers	312,076,981	104,453,384	6,092,683	6,321,707	42,198,071	24,980,987	1,025,776	14,160,518	511,310,107
Derivative assets*	22,633,507	3,874,518	2,793,681	6,206,756	(42,583,445)	351,569	3,015,542	23,615,829	19,907,957
Reinsurance/retakaful assets and other insurance receivables	5,003,313	546,513	-	-	630	195,550	-	32,575	5,778,581
Other assets*	5,321,330	682,091	26,167	332,201	765,514	1,272,778	170,799	1,665,994	10,236,874
Investment properties	935,380	-	-	-	1,050	-	-	5,115	941,545
Statutory deposits with central banks	352,758	4,246,858	-	-	726,812	1,079,711	-	1,062,074	7,468,213
Interest in associates and joint ventures	297,190	-	-	-	438,100	-	-	1,945,112	2,680,402
Property, plant and equipment	1,034,862	747,963	23,923	15,602	44,761	285,362	-	54,376	2,206,849
Right-of-use assets	527,067	216,403	12,037	60,720	109,511	193,189	-	126,527	1,245,454
Intangible assets	777,767	1,815,488	-	80,459	13,947	3,125,101	-	835,742	6,648,504
Deferred tax assets*	330,590	1,199	-	-	27,658	203,572	-	227,917	790,936
<b>Total assets</b>	<b>494,774,216</b>	<b>181,022,214</b>	<b>9,362,253</b>	<b>15,509,504</b>	<b>42,020,495</b>	<b>43,935,327</b>	<b>5,363,963</b>	<b>64,871,542</b>	<b>856,859,514</b>
<b>Liabilities</b>									
Customers' funding:									
- Deposits from customers	302,659,203	137,004,987	4,383,386	9,731,035	62,913,552	24,521,342	1,801,081	13,334,786	556,349,372
- Investment accounts of customers <sup>^</sup>	23,840,796	-	-	-	-	-	-	-	23,840,796
Deposits and placements from financial institutions	12,019,979	5,230,576	22,702	2,537,467	14,837,702	2,118,495	261,890	850,055	37,878,866
Obligations on financial assets sold under repurchase agreements	5,770,409	671,080	-	-	4,250,871	173,943	264,912	-	11,131,215
Derivative liabilities*	47,942,767	9,332,393	4,159,082	3,562,989	(70,950,575)	1,313,912	2,649,755	21,141,428	19,151,751
Financial liabilities at fair value through profit or loss	-	-	-	-	10,161,921	-	-	-	10,161,921
Bills and acceptances payable	464,287	261,503	197	502	167,470	82,974	6,081	14,649	997,663
Insurance/takaful contract liabilities and other insurance payables	29,709,060	7,607,023	-	(155)	3,737	196,272	-	178,828	37,694,765
Other liabilities*	8,084,850	4,409,338	226,327	347,163	2,116,322	1,738,931	361,206	3,743,778	21,027,915
Provision for taxation and zakat	(17,266)	88,188	2,036	33,627	35,799	10,153	-	(618)	151,919
Deferred tax liabilities	1,526,125	(67,742)	36	-	-	-	-	12,437	1,470,856
Borrowings	4,789,577	960,204	-	3,295,641	15,771,331	2,797,582	-	10,482,889	38,097,224
Subordinated obligations	6,786,631	-	-	-	2,022,008	159,192	-	-	8,967,831
Capital securities	2,827,793	-	-	-	-	-	-	-	2,827,793
<b>Total liabilities</b>	<b>446,404,211</b>	<b>165,497,550</b>	<b>8,793,766</b>	<b>19,508,269</b>	<b>41,330,138</b>	<b>33,112,796</b>	<b>5,344,925</b>	<b>49,758,232</b>	<b>769,749,887</b>
<b>On-balance sheet open position</b>	<b>48,370,005</b>	<b>15,524,664</b>	<b>568,487</b>	<b>(3,998,765)</b>	<b>690,357</b>	<b>10,822,531</b>	<b>19,038</b>	<b>15,113,310</b>	<b>87,109,627</b>
Less: Derivative assets	(22,633,507)	(3,874,518)	(2,793,681)	(6,206,756)	42,583,445	(351,569)	(3,015,542)	(23,615,829)	(19,907,957)
Add: Derivative liabilities	47,942,767	9,332,393	4,159,082	3,562,989	(70,950,575)	1,313,912	2,649,755	21,141,428	19,151,751
Add: Net forward position	(13,526,401)	(5,401,608)	(1,602,121)	9,069,127	31,504,219	(821,525)	365,367	(6,865,570)	12,721,488
<b>Net open position</b>	<b>60,152,864</b>	<b>15,580,931</b>	<b>331,767</b>	<b>2,426,595</b>	<b>3,827,446</b>	<b>10,963,349</b>	<b>18,618</b>	<b>5,773,339</b>	<b>99,074,909</b>
<b>Net structural currency exposures</b>	<b>-</b>	<b>15,163,611</b>	<b>35,330</b>	<b>1,014,752</b>	<b>5,044,464</b>	<b>10,111,323</b>	<b>-</b>	<b>4,813,944</b>	<b>36,183,424</b>

\* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## Notes to the Financial Statements

31 December 2020

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (f) Market risk management (cont'd.)

## 6. Foreign exchange risk (cont'd.)

Group	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
<b>2019</b>									
<b>Assets</b>									
Cash and short-term funds	29,055,977	5,540,244	426,314	94,042	6,650,770	1,367,945	292,156	3,041,626	46,469,074
Deposits and placements with financial institutions	647,876	864,184	85	940	11,883,204	84	-	696,845	14,093,218
Financial assets purchased under resale agreements	30,299	12,884,682	-	-	150,231	573,870	-	-	13,639,082
Financial assets designated upon initial recognition at fair value through profit or loss	14,164,512	222	-	12,396	97,316	-	-	48,857	14,323,303
Financial investments at fair value through profit or loss	5,543,188	5,427,845	18	116,210	2,266,739	3,092,880	107,151	3,816,834	20,370,865
Financial investments at fair value through other comprehensive income	66,907,912	28,103,607	193,911	1,687,243	13,885,567	3,322,838	806,379	8,444,076	123,351,533
Financial investments at amortised cost	29,246,618	-	-	-	3,066,701	439,656	-	2,031,501	34,784,476
Loans, advances and financing to financial institutions	-	-	-	-	92,292	1,036,326	-	-	1,128,618
Loans, advances and financing to customers	301,826,046	111,175,231	6,193,841	4,757,247	42,019,060	30,855,148	708,532	14,755,987	512,291,092
Derivative assets*	17,789,460	2,304,655	2,233,299	3,294,021	(22,111,710)	24,071	1,551,891	5,249,942	10,335,629
Reinsurance/retakaful assets and other insurance receivables	3,953,180	133,435	-	-	-	124,638	-	20,836	4,232,089
Other assets*	3,162,676	929,301	209,534	197,813	2,647,317	1,427,948	24,593	879,902	9,479,084
Investment properties	915,340	-	-	-	1,050	-	-	5,081	921,471
Statutory deposits with central banks	7,230,680	4,086,598	-	-	1,221,346	1,655,372	-	858,756	15,052,752
Interest in associates and joint ventures	311,162	-	-	-	439,463	-	-	1,739,923	2,490,548
Property, plant and equipment	1,101,846	767,731	24,886	17,316	43,567	320,363	-	60,089	2,335,798
Right-of-use assets	628,498	224,271	14,208	77,372	123,438	348,358	-	132,063	1,548,208
Intangible assets	781,771	1,823,995	-	80,061	7,282	3,306,958	-	836,396	6,836,463
Deferred tax assets*	282,063	3,622	-	-	29,452	280,985	-	133,590	729,712
<b>Total assets</b>	<b>483,579,104</b>	<b>174,269,623</b>	<b>9,296,096</b>	<b>10,334,661</b>	<b>62,513,085</b>	<b>48,177,440</b>	<b>3,490,702</b>	<b>42,752,304</b>	<b>834,413,015</b>
<b>Liabilities</b>									
Customers' funding:									
- Deposits from customers	306,952,911	127,302,255	5,032,734	7,490,290	54,023,844	25,592,971	2,194,019	15,941,888	544,530,912
- Investment accounts of customers <sup>^</sup>	20,737,670	-	-	-	-	-	-	-	20,737,670
Deposits and placements from financial institutions	11,937,299	2,440,986	272,351	2,590,310	22,883,989	652,135	1,042,588	1,737,551	43,557,209
Obligations on financial assets sold under repurchase agreements	5,100,219	3,162,019	-	-	4,799,948	214,206	257,662	444,690	13,978,744
Derivative liabilities*	45,322,418	6,834,561	2,923,442	(1,378,211)	(43,326,328)	1,356,465	170,319	(720,359)	11,182,307
Financial liabilities at fair value through profit or loss	83,100	-	-	-	6,447,653	-	-	-	6,530,753
Bills and acceptances payable	561,186	232,548	193	510	367,140	109,145	7,197	13,895	1,291,814
Insurance/takaful contract liabilities and other insurance payables	27,165,825	3,490,895	-	6	2,898	118,680	-	107,326	30,885,630
Other liabilities*	6,241,674	8,086,215	216,979	383,709	1,419,668	1,786,698	196,825	3,237,759	21,569,527
Recourse obligation on loans and financing sold to Cagamas	1,526,225	-	-	-	-	-	-	-	1,526,225
Provision for taxation and zakat	(63,217)	131,840	2,669	25,335	41,004	23,135	-	26,295	187,061
Deferred tax liabilities	790,566	75,887	65	-	-	-	-	11,758	878,276
Borrowings	1,655,582	1,665,852	-	4,315,983	19,323,857	4,768,603	-	9,609,538	41,339,415
Subordinated obligations	7,096,049	-	-	-	2,060,767	164,309	-	-	9,321,125
Capital securities	2,827,123	-	-	-	-	-	-	-	2,827,123
<b>Total liabilities</b>	<b>437,934,630</b>	<b>153,423,058</b>	<b>8,448,433</b>	<b>13,427,932</b>	<b>68,044,440</b>	<b>34,786,347</b>	<b>3,868,610</b>	<b>30,410,341</b>	<b>750,343,791</b>
<b>On-balance sheet open position</b>	<b>45,644,474</b>	<b>20,846,565</b>	<b>847,663</b>	<b>(3,093,271)</b>	<b>(5,531,355)</b>	<b>13,391,093</b>	<b>(377,908)</b>	<b>12,341,963</b>	<b>84,069,224</b>
Less: Derivative assets	(17,789,460)	(2,304,655)	(2,233,299)	(3,294,021)	22,111,710	(24,071)	(1,551,891)	(5,249,942)	(10,335,629)
Add: Derivative liabilities	45,322,418	6,834,561	2,923,442	(1,378,211)	(43,326,328)	1,356,465	170,319	(720,359)	11,182,307
Add: Net forward position	(21,437,198)	(10,240,179)	(1,256,187)	9,158,727	31,329,984	(3,803,732)	1,812,463	(110,349)	5,453,529
<b>Net open position</b>	<b>51,740,234</b>	<b>15,136,292</b>	<b>281,619</b>	<b>1,393,224</b>	<b>4,584,011</b>	<b>10,919,755</b>	<b>52,983</b>	<b>6,261,313</b>	<b>90,369,431</b>
<b>Net structural currency exposures</b>	<b>-</b>	<b>15,858,523</b>	<b>25,257</b>	<b>1,340,698</b>	<b>4,772,411</b>	<b>9,934,260</b>	<b>-</b>	<b>4,921,119</b>	<b>36,852,268</b>

\* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (f) Market risk management (cont'd.)

#### 6. Foreign exchange risk (cont'd.)

Bank	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
<b>2020</b>									
<b>Assets</b>									
Cash and short-term funds	5,390,863	11,138,569	423,441	1,867,077	2,248,301	99,662	193,119	2,744,998	24,106,030
Deposits and placements with financial institutions	5,737,504	3,565,725	556,181	335	5,046,957	-	-	361,646	15,268,348
Financial assets purchased under resale agreements	-	8,819,266	-	-	6,030,155	-	-	-	14,849,421
Financial investments at fair value through profit or loss	6,912,424	3,032,330	-	-	2,778,226	1,367,150	-	4,099,350	18,189,480
Financial investments at fair value through other comprehensive income	38,962,477	11,659,008	-	392,966	13,387,772	58,545	817,357	10,255,668	75,533,793
Financial investments at amortised cost	35,802,824	1,532,466	-	-	2,407,018	75,252	-	39,423	39,856,983
Loans, advances and financing to financial institutions	28,535,058	-	502,723	-	1,005,205	-	-	-	30,042,986
Loans, advances and financing to customers	112,918,053	40,527,931	4,732,447	5,159,196	29,824,843	-	550,554	6,168,452	199,881,476
Derivative assets*	32,645,174	3,807,131	2,754,523	6,208,294	(52,503,274)	202,815	3,000,177	23,598,962	19,713,802
Other assets*	3,538,952	116,880	(3,108)	(56,857)	462,493	380	92,838	(34,976)	4,116,602
Statutory deposits with central banks	340,062	1,225,572	-	-	32,121	-	-	49,311	1,647,066
Investment in subsidiaries	9,332,878	14,774,102	-	-	304,001	3,517,532	-	2,974,850	30,903,363
Interest in associates and joint ventures	4,568	-	-	-	434,348	-	-	1,814	440,730
Property, plant and equipment	663,805	240,293	22,875	5,915	6,151	-	-	2,728	941,767
Right-of-use assets	309,239	38,865	8,840	17,320	26,311	-	-	23,564	424,139
Intangible assets	370,298	-	-	1,822	7,610	-	-	7,930	387,660
Deferred tax assets*	(92,689)	-	-	-	-	-	-	92,689	-
<b>Total assets</b>	<b>281,371,490</b>	<b>100,478,138</b>	<b>8,997,922</b>	<b>13,596,068</b>	<b>11,498,238</b>	<b>5,321,336</b>	<b>4,654,045</b>	<b>50,386,409</b>	<b>476,303,646</b>
<b>Liabilities</b>									
Deposits from customers	158,049,300	42,321,532	4,204,579	9,470,417	29,459,104	-	912,353	5,608,050	250,025,335
Deposits and placements from financial institutions	9,642,538	5,661,994	56,718	2,603,846	15,648,388	-	260,941	845,690	34,720,115
Obligations on financial assets sold under repurchase agreements	9,397,471	17,322,462	-	-	9,337,169	-	405,267	459,936	36,922,305
Derivative liabilities*	46,174,473	9,367,991	4,159,085	3,550,421	(69,481,223)	1,178,057	2,654,384	21,121,205	18,724,393
Financial liabilities at fair value through profit or loss	-	-	-	-	10,161,921	-	-	-	10,161,921
Bills and acceptances payable	425,842	23,395	197	502	2,568	11	306	5,796	458,617
Other liabilities*	4,051,467	901,185	406,053	44,250	1,980,988	4,281	91,344	330,499	7,810,067
Deferred tax liabilities	496,681	(118,851)	-	-	-	-	-	-	377,830
Provision for taxation and zakat	(23,533)	33,534	1,909	33,605	15,564	-	-	5,041	66,120
Borrowings	4,789,577	960,204	-	3,295,641	15,032,225	-	-	9,056,608	33,134,255
Subordinated obligations	6,786,631	-	-	-	2,022,008	-	-	-	8,808,639
Capital securities	2,827,793	-	-	-	-	-	-	-	2,827,793
<b>Total liabilities</b>	<b>242,618,240</b>	<b>76,473,446</b>	<b>8,828,541</b>	<b>18,998,682</b>	<b>14,178,712</b>	<b>1,182,349</b>	<b>4,324,595</b>	<b>37,432,825</b>	<b>404,037,390</b>
<b>On-balance sheet open position</b>	<b>38,753,250</b>	<b>24,004,692</b>	<b>169,381</b>	<b>(5,402,614)</b>	<b>(2,680,474)</b>	<b>4,138,987</b>	<b>329,450</b>	<b>12,953,584</b>	<b>72,266,256</b>
Less: Derivative assets	(32,645,174)	(3,807,131)	(2,754,523)	(6,208,294)	52,503,274	(202,815)	(3,000,177)	(23,598,962)	(19,713,802)
Add: Derivative liabilities	46,174,473	9,367,991	4,159,085	3,550,421	(69,481,223)	1,178,057	2,654,384	21,121,205	18,724,393
Add: Net forward position	(13,526,401)	(6,843,940)	(1,487,887)	8,548,484	22,497,930	(1,341,422)	72,018	(6,996,269)	922,513
<b>Net open position</b>	<b>38,756,148</b>	<b>22,721,612</b>	<b>86,056</b>	<b>487,997</b>	<b>2,839,507</b>	<b>3,772,807</b>	<b>55,675</b>	<b>3,479,558</b>	<b>72,199,360</b>
<b>Net structural currency exposures</b>	<b>-</b>	<b>20,893,727</b>	<b>35,330</b>	<b>845,440</b>	<b>4,518,800</b>	<b>3,517,532</b>	<b>-</b>	<b>3,627,322</b>	<b>33,438,151</b>

\* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (f) Market risk management (cont'd.)

## 6. Foreign exchange risk (cont'd.)

Bank	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
<b>2019</b>									
<b>Assets</b>									
Cash and short-term funds	6,898,835	5,108,425	415,918	116,099	3,696,372	81,784	247,023	2,476,078	19,040,534
Deposits and placements with financial institutions	12,947,880	313,890	534,606	940	13,695,093	-	-	794,929	28,287,338
Financial assets purchased under resale agreements	30,299	11,266,737	-	-	-	-	-	-	11,297,036
Financial investments at fair value through profit or loss	1,793,837	3,698,157	-	-	1,158,274	2,927,869	9,138	3,325,548	12,912,823
Financial investments at fair value through other comprehensive income	45,092,660	11,495,234	193,911	1,687,243	13,144,679	396,201	760,866	8,027,906	80,798,700
Financial investments at amortised cost	30,060,143	-	-	-	2,478,471	-	-	36,304	32,574,918
Loans, advances and financing to financial institutions	17,467,952	-	515,543	-	1,416,744	-	-	-	19,400,239
Loans, advances and financing to customers	116,069,052	45,661,756	4,913,647	4,368,615	29,904,272	-	182,563	6,089,076	207,188,981
Derivative assets*	21,051,078	2,211,103	1,371,754	3,295,554	(24,530,219)	(80,674)	1,556,765	5,126,642	10,002,003
Other assets*	2,093,322	150,248	203,240	(8,352)	2,393,192	171,214	10,891	(70,565)	4,943,190
Statutory deposits with central banks	2,988,538	1,042,937	-	-	30,824	-	-	38,633	4,100,932
Investment in subsidiaries	8,634,729	15,988,022	-	-	444,114	3,517,532	-	2,974,850	31,559,247
Interest in associates and joint ventures	4,568	-	-	-	434,348	-	-	1,814	440,730
Property, plant and equipment	724,510	247,624	23,739	6,300	7,096	-	-	5,017	1,014,286
Right-of-use assets	301,326	47,251	10,549	26,722	30,699	-	-	21,707	438,254
Intangible assets	351,065	-	-	1,424	2,711	-	-	5,935	361,135
Deferred tax assets*	(55,728)	-	-	-	-	-	-	55,728	-
<b>Total assets</b>	<b>266,454,066</b>	<b>97,231,384</b>	<b>8,182,907</b>	<b>9,494,545</b>	<b>44,306,670</b>	<b>7,013,926</b>	<b>2,767,246</b>	<b>28,909,602</b>	<b>464,360,346</b>
<b>Liabilities</b>									
Deposits from customers	156,306,794	35,042,495	3,868,173	7,431,565	31,449,867	-	1,314,093	7,344,630	242,757,617
Deposits and placements from financial institutions	7,956,659	12,970,910	360,152	2,604,703	23,429,595	258	1,177,101	2,855,157	51,354,535
Obligations on financial assets sold under repurchase agreements	5,100,220	14,931,991	-	-	6,515,479	-	257,662	1,487,680	28,293,032
Derivative liabilities*	42,493,990	6,728,944	3,012,119	(1,381,613)	(41,223,745)	1,247,946	171,257	(460,620)	10,588,278
Financial liabilities at fair value through profit or loss	83,100	-	-	-	6,447,653	-	-	-	6,530,753
Bills and acceptances payable	422,936	51,452	193	510	1,669	106	285	2,511	479,662
Other liabilities*	4,281,743	1,432,619	312,757	49,233	2,101,679	15,243	65,839	(306,705)	7,952,408
Deferred tax liabilities	164,334	21,161	-	-	-	-	-	-	185,495
Recourse obligation on loans and financing sold to Cagamas	1,526,225	-	-	-	-	-	-	-	1,526,225
Provision for taxation and zakat	(68,679)	1,757	2,559	25,238	17,014	-	-	22,111	-
Borrowings	1,655,581	-	-	4,211,041	18,498,843	-	-	8,279,560	32,645,025
Subordinated obligations	7,096,049	-	-	-	2,060,767	-	-	-	9,156,816
Capital securities	2,827,123	-	-	-	-	-	-	-	2,827,123
<b>Total liabilities</b>	<b>229,846,075</b>	<b>71,181,329</b>	<b>7,555,953</b>	<b>12,940,677</b>	<b>49,298,821</b>	<b>1,263,553</b>	<b>2,986,237</b>	<b>19,224,324</b>	<b>394,296,969</b>
<b>On-balance sheet open position</b>	<b>36,607,991</b>	<b>26,050,055</b>	<b>626,954</b>	<b>(3,446,132)</b>	<b>(4,992,151)</b>	<b>5,750,373</b>	<b>(218,991)</b>	<b>9,685,278</b>	<b>70,063,377</b>
Less: Derivative assets	(21,051,078)	(2,211,103)	(1,371,754)	(3,295,554)	24,530,219	80,674	(1,556,765)	(5,126,642)	(10,002,003)
Add: Derivative liabilities	42,493,990	6,728,944	3,012,119	(1,381,613)	(41,223,745)	1,247,946	171,257	(460,620)	10,588,278
Add: Net forward position	(21,437,198)	(9,576,179)	(2,100,934)	9,174,998	26,202,805	(3,460,469)	1,663,595	(822,317)	(355,699)
<b>Net open position</b>	<b>36,613,705</b>	<b>20,991,717</b>	<b>166,385</b>	<b>1,051,699</b>	<b>4,517,128</b>	<b>3,618,524</b>	<b>59,096</b>	<b>3,275,699</b>	<b>70,293,953</b>
<b>Net structural currency exposures</b>	<b>-</b>	<b>21,284,433</b>	<b>25,257</b>	<b>1,171,293</b>	<b>4,176,109</b>	<b>3,517,532</b>	<b>-</b>	<b>3,855,387</b>	<b>34,030,011</b>

\* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.



## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (f) Market risk management (cont'd.)

#### 6. Foreign exchange risk (cont'd.)

Net structural foreign currency position represents the Group's and the Bank's net investment in overseas operations. This position comprises the net assets of the Group's and of the Bank's overseas branches and investments in overseas subsidiaries.

Where possible, the Group and the Bank mitigate the effect of currency exposures by funding the overseas operations with borrowings and deposits received in the same functional currencies of the respective overseas locations. The foreign currency exposures are also hedged using foreign exchange derivatives.

The structural currency exposures of the Group and of the Bank as at the reporting dates are as follows:

	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
<b>Group</b>			
<b>2020</b>			
Singapore Dollar	15,163,611	–	15,163,611
Great Britain Pound	35,330	–	35,330
Hong Kong Dollar	1,014,752	–	1,014,752
United States Dollar	7,066,472	(2,022,008)	5,044,464
Indonesia Rupiah	10,111,323	–	10,111,323
Others	4,813,944	–	4,813,944
	<b>38,205,432</b>	<b>(2,022,008)</b>	<b>36,183,424</b>
<b>2019</b>			
Singapore Dollar	15,858,523	–	15,858,523
Great Britain Pound	25,257	–	25,257
Hong Kong Dollar	1,340,698	–	1,340,698
United States Dollar	6,833,178	(2,060,767)	4,772,411
Indonesia Rupiah	9,934,260	–	9,934,260
Others	4,921,119	–	4,921,119
	<b>38,913,035</b>	<b>(2,060,767)</b>	<b>36,852,268</b>
<b>Bank</b>			
<b>2020</b>			
Singapore Dollar	20,893,727	–	20,893,727
Great Britain Pound	35,330	–	35,330
Hong Kong Dollar	845,440	–	845,440
United States Dollar	6,540,808	(2,022,008)	4,518,800
Indonesia Rupiah	3,517,532	–	3,517,532
Others	3,627,322	–	3,627,322
	<b>35,460,159</b>	<b>(2,022,008)</b>	<b>33,438,151</b>
<b>2019</b>			
Singapore Dollar	21,284,433	–	21,284,433
Great Britain Pound	25,257	–	25,257
Hong Kong Dollar	1,171,293	–	1,171,293
United States Dollar	6,236,876	(2,060,767)	4,176,109
Indonesia Rupiah	3,517,532	–	3,517,532
Others	3,855,387	–	3,855,387
	<b>36,090,778</b>	<b>(2,060,767)</b>	<b>34,030,011</b>

## Notes to the Financial Statements

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (f) Market risk management (cont'd.)

##### 7. Sensitivity analysis for foreign exchange risk

###### Foreign exchange risk

Foreign exchange risk arises from the movements in exchange rates that adversely affect the revaluation of the Group's and of the Bank's foreign currency positions. Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and the Bank on their unhedged position are as follows:

	Group		Bank	
	1% Appreciation RM'000	1% Depreciation RM'000	1% Appreciation RM'000	1% Depreciation RM'000
<b>2020</b>				
Impact to profit after taxation	(828)	828	(4,561)	4,561
<b>2019</b>				
Impact to profit after taxation	3,713	(3,713)	3,275	(3,275)

###### Interpretation of impact

The Group and the Bank measure the foreign exchange sensitivity based on the foreign exchange net open positions (including foreign exchange structural position) under an adverse movement in all foreign currencies against the functional currency – Ringgit Malaysia (“RM”). The result implies that the Group and the Bank may be subject to additional translation (losses)/gains if the RM appreciates/depreciates against other currencies and vice versa.

##### 8. Equity price risk

Equity price risk arises from the unfavourable movements in share price of quoted equity investments that adversely affect the Group's and the Bank's mark-to-market valuation on quoted equity investments. There is a direct correlation between movements in share price of quoted equity investments and movements in stock market index. The Group's equity price risk policy requires it to manage such risk by setting and monitoring objectives and constraints on investments, diversification plans and limits on investment in each country, sector, market and issuer.

Considering that other risk variables remain constant, the sensitivity of mark-to-market valuation of quoted equity investments for the Group and the Bank against the stock market index are as follows:

	Group		Bank	
	Change in market index		Change in market index	
	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
<b>2020</b>				
Impact to profit after tax	479,878	(479,878)	39,422	(39,422)
Impact to post-tax equity	534	(534)	1,356	(1,356)
<b>2019</b>				
Impact to profit after tax	411,287	(411,287)	24,190	(24,190)
Impact to post-tax equity	697	(697)	1,401	(1,401)

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (g) Liquidity risk management

#### 1. Liquidity risk management overview

##### Liquidity risk management

Liquidity risk is defined as the risk of an adverse impact to the Group's financial condition or overall safety and soundness that could arise from its inability (or perceived inability) or unexpected higher cost to meet its obligations.

The Group has adopted BNM Liquidity Coverage Ratio Guidelines and other industry leading practices as a foundation to measure and manage its liquidity risk exposure. The Group also uses a range of tools to monitor and control liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

The Group has a diversified liability structure to meet its funding requirements. The primary source of funding includes customer deposits, interbank deposits, debt securities, swap market, bank loan syndication and medium term funds. The Group also initiates and implements strategic fund raising programmes as well as institutes standby lines with external parties on a need basis. Sources of fund providers are regularly reviewed to maintain a wide diversification by currency, provider, product and term, thus minimising excessive funding concentration.

##### Management of liquidity risk

For day-to-day liquidity management, the treasury operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis. Besides, the process of managing liquidity risk also includes:

- Maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flows;
- Managing short and long-term cash flows via maturity mismatch report and various indicators;
- Monitoring depositor concentration at the Group and the Bank levels to avoid undue reliance on large depositors;
- Managing liquidity exposure by domestic and significant foreign currencies;
- Diversifying funding sources to ensure appropriate funding mix;
- Conducting liquidity stress testing under various scenarios as part of prudent liquidity control;
- Maintaining a robust contingency funding plan that includes strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios; and
- Conducting Recovery Plan ("RCP") testing to examine the effectiveness and robustness of the plans to avert any potential liquidity disasters affecting the Group's and the Bank's liquidity soundness and financial solvency.

## Notes to the Financial Statements

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (g) Liquidity risk management (cont'd.)

##### 2. Contractual maturity of total assets and liabilities

The tables below analyse assets and liabilities (inclusive of non-financial instruments) of the Group and of the Bank in the relevant maturity tenors based on remaining contractual maturities as at 31 December 2020 and 31 December 2019.

These disclosures are made in accordance with the requirement of Policy document on Financial Reporting issued by BNM:

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
<b>2020</b>									
<b>Assets</b>									
Cash and short-term funds	43,884,714	-	-	-	-	-	-	-	43,884,714
Deposits and placements with financial institutions	-	6,760,370	2,283,468	166,097	682,733	-	236,263	-	10,128,931
Financial assets purchased under resale agreements	10,814,899	6,533,089	69,478	126,521	-	-	-	-	17,543,987
Financial assets designated upon initial recognition at fair value through profit or loss	384,933	86,903	236,514	114,834	556,677	640,156	12,008,014	-	14,028,031
Financial investments at fair value through profit or loss	4,478,650	3,513,456	841,310	3,606,853	823,416	1,453,482	5,742,875	6,719,804	27,179,846
Financial investments at fair value through other comprehensive income	10,925,625	7,660,945	5,032,586	7,184,285	21,164,453	16,056,237	59,103,864	374,686	127,502,681
Financial investments at amortised cost	187,362	1,534,374	742,048	945,358	12,600,891	8,006,699	22,459,184	-	46,475,916
Loans, advances and financing to financial institutions	29,573	24,236	57,436	34,675	120,442	173,148	460,476	-	899,986
Loans, advances and financing to customers	62,679,674	16,366,701	11,662,227	17,245,918	60,279,884	50,037,461	293,038,242	-	511,310,107
Derivative assets	1,026,484	3,091,848	1,214,866	1,442,276	1,993,636	1,792,357	9,346,490	-	19,907,957
Reinsurance/retakaful assets and other insurance receivables	5,583,031	-	-	195,550	-	-	-	-	5,778,581
Other assets	4,558,516	25,487	2,552	965,337	22,338	10,330	4,284	4,648,030	10,236,874
Investment properties	-	-	-	-	-	-	-	941,545	941,545
Statutory deposits with central banks	-	-	-	-	-	-	-	7,468,213	7,468,213
Interest in associates and joint ventures	-	-	-	-	-	-	-	2,680,402	2,680,402
Property, plant and equipment	-	-	-	-	-	-	-	2,206,849	2,206,849
Right-of-use assets	-	-	-	-	-	-	-	1,245,454	1,245,454
Intangible assets	-	-	-	-	-	-	-	6,648,504	6,648,504
Deferred tax assets	-	-	-	-	-	-	-	790,936	790,936
<b>Total assets</b>	<b>144,553,461</b>	<b>45,597,409</b>	<b>22,142,485</b>	<b>32,027,704</b>	<b>98,244,470</b>	<b>78,169,870</b>	<b>402,399,692</b>	<b>33,724,423</b>	<b>856,859,514</b>
<b>Liabilities</b>									
Customers' funding:									
- Deposits from customers	338,127,235	81,816,381	55,513,700	54,430,014	26,351,134	86,365	24,543	-	556,349,372
- Investment accounts of customers <sup>^</sup>	19,873,193	1,060,395	1,550,948	1,342,789	9,158	4,313	-	-	23,840,796
Deposits and placements from financial institutions	16,416,959	10,011,965	2,306,202	4,459,389	4,119,039	229,582	335,730	-	37,878,866
Obligations on financial assets sold under repurchase agreements	3,105,705	6,024,226	456,367	-	1,544,917	-	-	-	11,131,215
Derivative liabilities	1,003,039	3,400,478	1,663,606	1,005,290	2,549,888	1,720,120	7,809,330	-	19,151,751
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	10,161,921	-	10,161,921
Bills and acceptances payable	797,097	94,757	98,239	5,288	2,282	-	-	-	997,663
Insurance/takaful contract liabilities and other insurance payables	29,906,591	-	-	198,838	-	-	7,589,336	-	37,694,765
Other liabilities	13,058,824	164,392	275,576	380,936	3,031,264	966,789	429,731	2,720,403	21,027,915
Provision for taxation and zakat	18,762	14,944	7,692	2,632	-	-	-	107,889	151,919
Deferred tax liabilities	-	-	-	-	-	-	-	1,470,856	1,470,856
Borrowings	2,509,668	3,043,512	7,648,243	461,458	15,112,353	6,076,822	3,245,168	-	38,097,224
Subordinated obligations	100,140	-	-	2,074,214	93,477	4,300,000	2,400,000	-	8,967,831
Capital securities	27,793	-	-	-	-	1,240,000	1,560,000	-	2,827,793
<b>Total liabilities</b>	<b>424,945,006</b>	<b>105,631,050</b>	<b>69,520,573</b>	<b>64,360,848</b>	<b>52,813,512</b>	<b>14,623,991</b>	<b>33,555,759</b>	<b>4,299,148</b>	<b>769,749,887</b>
<b>Net liquidity gap</b>	<b>(280,391,545)</b>	<b>(60,033,641)</b>	<b>(47,378,088)</b>	<b>(32,333,144)</b>	<b>45,430,958</b>	<b>63,545,879</b>	<b>368,843,933</b>	<b>29,425,275</b>	<b>87,109,627</b>

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (g) Liquidity risk management (cont'd.)

#### 2. Contractual maturity of total assets and liabilities (cont'd.)

The tables below analyse assets and liabilities (inclusive of non-financial instruments) of the Group and of the Bank in the relevant maturity tenors based on remaining contractual maturities as at 31 December 2020 and 31 December 2019 (cont'd.).

These disclosures are made in accordance with the requirement of Policy document on Financial Reporting issued by BNM (cont'd.):

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
<b>2019</b>									
<b>Assets</b>									
Cash and short-term funds	46,469,074	-	-	-	-	-	-	-	46,469,074
Deposits and placements with financial institutions	-	4,668,701	4,633,935	2,416,617	946,203	753,662	674,100	-	14,093,218
Financial assets purchased under resale agreements	10,706,425	2,591,125	30,866	310,666	-	-	-	-	13,639,082
Financial assets designated upon initial recognition at fair value through profit or loss	275,437	10,014	30,162	1,045,092	6,933,866	452,910	5,511,444	64,378	14,323,303
Financial investments at fair value through profit or loss	1,107,152	2,988,627	771,307	1,672,843	3,467,902	1,984,483	3,560,014	4,818,537	20,370,865
Financial investments at fair value through other comprehensive income	7,420,765	12,658,958	9,820,038	7,635,516	22,676,002	20,443,924	42,438,226	258,104	123,351,533
Financial investments at amortised cost	622,396	3,341,586	3,358,988	3,573,112	11,624,735	6,678,828	5,584,831	-	34,784,476
Loans, advances and financing to financial institutions	19,635	54,770	26,833	112,826	254,370	174,878	485,306	-	1,128,618
Loans, advances and financing to customers	75,882,907	15,635,354	12,408,613	14,331,231	63,065,703	53,296,026	277,671,258	-	512,291,092
Derivative assets	1,681,305	706,475	537,128	371,560	1,085,335	1,316,978	4,636,848	-	10,335,629
Reinsurance/retakaful assets and other insurance receivables	4,093,993	3,835	-	124,638	9,623	-	-	-	4,232,089
Other assets	3,673,601	31,013	3,493	862,671	37,737	9,769	3,885	4,856,915	9,479,084
Investment properties	-	-	-	-	-	-	-	921,471	921,471
Statutory deposits with central banks	-	-	-	-	-	-	-	15,052,752	15,052,752
Interest in associates and joint ventures	-	-	-	-	-	-	-	2,490,548	2,490,548
Property, plant and equipment	-	-	-	-	-	-	-	2,335,798	2,335,798
Right-of-use assets	-	-	-	-	-	-	-	1,548,208	1,548,208
Intangible assets	-	-	-	-	-	-	-	6,836,463	6,836,463
Deferred tax assets	-	-	-	-	-	-	-	729,712	729,712
<b>Total assets</b>	<b>151,952,690</b>	<b>42,690,458</b>	<b>31,621,363</b>	<b>32,456,772</b>	<b>110,101,476</b>	<b>85,111,458</b>	<b>340,565,912</b>	<b>39,912,886</b>	<b>834,413,015</b>
<b>Liabilities</b>									
Customers' funding:									
- Deposits from customers	321,147,881	85,839,160	64,304,716	63,076,944	9,208,749	950,960	2,502	-	544,530,912
- Investment accounts of customers <sup>^</sup>	15,897,860	1,020,809	2,168,113	1,633,073	15,045	2,770	-	-	20,737,670
Deposits and placements from financial institutions	14,998,081	9,881,548	7,167,582	9,065,554	1,788,432	455,894	200,118	-	43,557,209
Obligations on financial assets sold under repurchase agreements	3,715,884	6,006,350	2,595,360	85,746	1,575,404	-	-	-	13,978,744
Derivative liabilities	1,967,605	1,302,182	459,476	393,505	1,585,132	1,360,709	4,113,698	-	11,182,307
Financial liabilities at fair value through profit or loss	-	-	-	22,772	-	-	6,507,981	-	6,530,753
Bills and acceptances payable	912,339	147,551	215,323	16,601	-	-	-	-	1,291,814
Insurance/takaful contract liabilities and other insurance payables	27,178,677	3,563	43,685	152,749	9,717	552	3,493,399	3,288	30,885,630
Other liabilities	7,885,117	2,265,361	329,872	970,007	3,329,261	2,712,847	1,037,237	3,039,825	21,569,527
Recourse obligation on loans and financing sold to Cagamas	-	-	1,526,225	-	-	-	-	-	1,526,225
Provision for taxation and zakat	(79,372)	698	17,722	5,094	-	-	-	242,919	187,061
Deferred tax liabilities	-	-	-	-	-	-	-	878,276	878,276
Borrowings	3,121,674	2,937,544	5,287,422	6,467,612	12,962,489	9,398,171	1,164,503	-	41,339,415
Subordinated obligations	109,816	-	-	-	66,553	97,756	9,047,000	-	9,321,125
Capital securities	27,123	-	-	-	-	-	2,800,000	-	2,827,123
<b>Total liabilities</b>	<b>396,882,685</b>	<b>109,404,766</b>	<b>84,115,496</b>	<b>81,889,657</b>	<b>30,540,782</b>	<b>14,979,659</b>	<b>28,366,438</b>	<b>4,164,308</b>	<b>750,343,791</b>
<b>Net liquidity gap</b>	<b>(244,929,995)</b>	<b>(66,714,308)</b>	<b>(52,494,133)</b>	<b>(49,432,885)</b>	<b>79,560,694</b>	<b>70,131,799</b>	<b>312,199,474</b>	<b>35,748,578</b>	<b>84,069,224</b>

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## Notes to the Financial Statements

31 December 2020

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (g) Liquidity risk management (cont'd.)

## 2. Contractual maturity of total assets and liabilities (cont'd.)

The tables below analyse assets and liabilities (inclusive of non-financial instruments) of the Group and of the Bank in the relevant maturity tenors based on remaining contractual maturities as at 31 December 2020 and 31 December 2019 (cont'd.).

These disclosures are made in accordance with the requirement of Policy document on Financial Reporting issued by BNM (cont'd.):

Bank	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 months to 1 year	>1 to 3 years	>3 to 5 years	Over 5 years	No-specific maturity	Total
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>									
Cash and short-term funds	24,106,030	-	-	-	-	-	-	-	24,106,030
Deposits and placements with financial institutions	-	11,966,413	2,282,534	106,171	676,967	-	236,263	-	15,268,348
Financial assets purchased under resale agreements	11,566,187	3,283,234	-	-	-	-	-	-	14,849,421
Financial investments at fair value through profit or loss	3,345,622	3,506,769	684,832	3,371,704	1,140,996	1,201,574	3,728,332	1,209,651	18,189,480
Financial investments at fair value through other comprehensive income	3,994,152	3,035,951	1,990,771	4,177,725	9,999,816	9,779,933	42,212,501	342,944	75,533,793
Financial investments at amortised cost	14,883	3,899,682	3,590,399	2,165,400	8,731,231	3,134,824	18,320,564	-	39,856,983
Loans, advances and financing to financial institutions	7,270,748	923,709	2,825,590	438,417	2,724,323	1,852,119	14,008,080	-	30,042,986
Loans, advances and financing to customers	29,650,548	7,275,077	6,715,286	10,635,017	40,196,753	19,168,025	86,240,770	-	199,881,476
Derivative assets	965,185	3,219,435	1,008,757	1,372,021	1,923,869	1,725,488	9,499,047	-	19,713,802
Other assets	556,370	41	1,115	1	131	236	639	3,558,069	4,116,602
Statutory deposits with central banks	-	-	-	-	-	-	-	1,647,066	1,647,066
Investment in subsidiaries	-	-	-	-	-	-	-	30,903,363	30,903,363
Interest in associates and joint ventures	-	-	-	-	-	-	-	440,730	440,730
Property, plant and equipment	-	-	-	-	-	-	-	941,767	941,767
Right-of-use assets	-	-	-	-	-	-	-	424,139	424,139
Intangible assets	-	-	-	-	-	-	-	387,660	387,660
<b>Total assets</b>	<b>81,469,725</b>	<b>37,110,311</b>	<b>19,099,284</b>	<b>22,266,456</b>	<b>65,394,086</b>	<b>36,862,199</b>	<b>174,246,196</b>	<b>39,855,389</b>	<b>476,303,646</b>
<b>Liabilities</b>									
Deposits from customers	170,070,605	34,627,160	21,289,664	22,200,648	1,754,022	83,236	-	-	250,025,335
Deposits and placements from financial institutions	18,838,434	8,767,489	1,929,669	4,433,403	436,848	74,502	239,770	-	34,720,115
Obligations on financial assets sold under repurchase agreements	28,896,795	6,024,226	456,367	-	1,544,917	-	-	-	36,922,305
Derivative liabilities	954,702	3,222,143	1,559,944	895,672	2,493,722	1,713,079	7,885,131	-	18,724,393
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	10,161,921	-	10,161,921
Bills and acceptances payable	452,149	1,425	5,043	-	-	-	-	-	458,617
Other liabilities	5,755,620	197,567	22,802	18,932	81,257	270,516	101,801	1,361,572	7,810,067
Provision for taxation and zakat	34,409	13,903	477	477	-	-	-	16,854	66,120
Deferred tax liabilities	-	-	-	-	-	-	-	377,830	377,830
Borrowings	1,535,909	2,299,314	7,083,460	1,215,615	11,706,431	6,076,822	3,216,704	-	33,134,255
Subordinated obligations	100,139	-	-	2,008,500	-	4,300,000	2,400,000	-	8,808,639
Capital securities	27,793	-	-	-	-	1,240,000	1,560,000	-	2,827,793
<b>Total liabilities</b>	<b>226,666,555</b>	<b>55,153,227</b>	<b>32,347,426</b>	<b>30,773,247</b>	<b>18,017,197</b>	<b>13,758,155</b>	<b>25,565,327</b>	<b>1,756,256</b>	<b>404,037,390</b>
<b>Net liquidity gap</b>	<b>(145,196,830)</b>	<b>(18,042,916)</b>	<b>(13,248,142)</b>	<b>(8,506,791)</b>	<b>47,376,889</b>	<b>23,104,044</b>	<b>148,680,869</b>	<b>38,099,133</b>	<b>72,266,256</b>

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (g) Liquidity risk management (cont'd.)

#### 2. Contractual maturity of total assets and liabilities (cont'd.)

The tables below analyse assets and liabilities (inclusive of non-financial instruments) of the Group and of the Bank in the relevant maturity tenors based on remaining contractual maturities as at 31 December 2020 and 31 December 2019 (cont'd.).

These disclosures are made in accordance with the requirement of Policy document on Financial Reporting issued by BNM (cont'd.):

Bank	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 months to 1 year	>1 to 3 years	>3 to 5 years	Over 5 years	No-specific maturity	Total
2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>									
Cash and short-term funds	19,040,534	-	-	-	-	-	-	-	19,040,534
Deposits and placements with financial institutions	-	18,925,910	4,633,566	2,362,807	937,293	753,662	674,100	-	28,287,338
Financial assets purchased under resale agreements	8,920,513	2,376,523	-	-	-	-	-	-	11,297,036
Financial investments at fair value through profit or loss	903,249	2,829,021	771,307	1,231,016	2,732,331	1,691,091	1,814,040	940,768	12,912,823
Financial investments at fair value through other comprehensive income	1,831,231	6,602,740	3,609,944	5,713,279	10,711,002	12,098,685	39,969,291	262,528	80,798,700
Financial investments at amortised cost	25,065	2,250,803	2,794,589	3,276,013	9,521,188	2,653,605	12,053,655	-	32,574,918
Loans, advances and financing to financial institutions	4,136,477	1,183,014	167,890	136,255	5,758,123	3,281,221	4,737,259	-	19,400,239
Loans, advances and financing to customers	38,689,358	8,483,826	8,374,332	7,176,621	39,630,825	24,813,721	80,020,298	-	207,188,981
Derivative assets	1,593,950	635,512	489,109	355,903	1,013,924	1,215,776	4,697,829	-	10,002,003
Other assets	478,141	3,680	2,140	532	1,734	239	1,115	4,455,609	4,943,190
Statutory deposits with central banks	-	-	-	-	-	-	-	4,100,932	4,100,932
Investment in subsidiaries	-	-	-	-	-	-	-	31,559,247	31,559,247
Interest in associates and joint ventures	-	-	-	-	-	-	-	440,730	440,730
Property, plant and equipment	-	-	-	-	-	-	-	1,014,286	1,014,286
Right-of-use assets	-	-	-	-	-	-	-	438,254	438,254
Intangible assets	-	-	-	-	-	-	-	361,135	361,135
<b>Total assets</b>	<b>75,618,518</b>	<b>43,291,029</b>	<b>20,842,877</b>	<b>20,252,426</b>	<b>70,306,420</b>	<b>46,508,000</b>	<b>143,967,587</b>	<b>43,573,489</b>	<b>464,360,346</b>
<b>Liabilities</b>									
Deposits from customers	162,601,682	34,578,243	20,719,326	20,880,121	3,473,393	504,852	-	-	242,757,617
Deposits and placements from financial institutions	26,744,753	8,390,502	6,011,957	9,446,697	290,492	270,134	200,000	-	51,354,535
Obligations on financial assets sold under repurchase agreements	18,115,917	6,006,351	2,595,360	-	1,575,404	-	-	-	28,293,032
Derivative liabilities	1,851,333	969,277	431,982	362,538	1,525,746	1,271,667	4,175,735	-	10,588,278
Financial liabilities at fair value through profit or loss	-	-	-	22,772	-	-	6,507,981	-	6,530,753
Bills and acceptances payable	474,305	2,240	3,117	-	-	-	-	-	479,662
Other liabilities	5,971,447	671,415	44,716	12,626	155,709	69,717	301,104	725,674	7,952,408
Recourse obligation on loans and financing sold to Cagamas	-	-	1,526,225	-	-	-	-	-	1,526,225
Deferred tax liabilities	-	-	-	-	-	-	-	185,495	185,495
Borrowings	974,993	1,856,553	4,307,672	5,384,607	9,587,904	9,398,171	1,135,125	-	32,645,025
Subordinated obligations	109,816	-	-	-	-	-	9,047,000	-	9,156,816
Capital securities	27,123	-	-	-	-	-	2,800,000	-	2,827,123
<b>Total liabilities</b>	<b>216,871,369</b>	<b>52,474,581</b>	<b>35,640,355</b>	<b>36,109,361</b>	<b>16,608,648</b>	<b>11,514,541</b>	<b>24,166,945</b>	<b>911,169</b>	<b>394,296,969</b>
<b>Net liquidity gap</b>	<b>(141,252,851)</b>	<b>(9,183,552)</b>	<b>(14,797,478)</b>	<b>(15,856,935)</b>	<b>53,697,772</b>	<b>34,993,459</b>	<b>119,800,642</b>	<b>42,662,320</b>	<b>70,063,377</b>

## Notes to the Financial Statements

31 December 2020

### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (g) Liquidity risk management (cont'd.)

##### 3. Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities as at 31 December 2020 and 31 December 2019. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit analysis. The Group and the Bank manage inherent liquidity risk based on discounted expected cash flows.

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2020</b>								
<b>Non-derivative liabilities</b>								
Deposits from customers	338,958,016	81,888,783	55,690,812	54,264,193	27,067,714	147,698	1,402,395	559,419,611
Investment accounts of customers	19,884,546	1,067,351	1,561,253	1,357,145	9,648	4,652	-	23,884,595
Deposits and placements from financial institutions	16,353,410	10,077,827	2,328,171	4,505,075	4,210,466	240,159	335,732	38,050,840
Obligations on financial assets sold under repurchase agreements	3,133,501	6,035,839	459,334	-	1,543,879	-	-	11,172,553
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	10,161,921	10,161,921
Bills and acceptances payable	991,971	1,425	5,043	-	-	-	-	998,439
Insurance/takaful contract liabilities and other insurance payables	29,929,562	-	-	198,838	-	-	7,589,336	37,717,736
Other liabilities	9,421,195	378,626	843,156	820,635	6,706,760	1,939,275	1,571,065	21,680,712
Borrowings	1,739,742	3,146,084	7,738,936	756,937	16,337,175	6,871,138	1,606,036	38,196,048
Subordinated obligations	-	1,754	1,696	2,555,781	328,155	4,958,850	2,993,110	10,839,346
Capital securities	-	-	-	-	-	1,442,643	1,946,918	3,389,561
	420,411,943	102,597,689	68,628,401	64,458,604	56,203,797	15,604,415	27,606,513	755,511,362
<b>Commitments and contingencies</b>								
Direct credit substitutes	2,424,631	586,988	1,592,744	4,045,750	1,741,525	48,365	500,743	10,940,746
Certain transaction-related contingent items	1,714,694	1,284,036	1,476,093	3,601,873	4,615,332	1,397,082	249,012	14,338,122
Short-term self-liquidating trade-related contingencies	1,711,806	959,497	84,782	26,730	5,928	-	-	2,788,743
Irrevocable commitments to extend credit	95,698,572	306,896	63,288	28,018,303	24,201,753	18,662,902	331,041	167,282,755
Miscellaneous	4,451,705	412,289	69,101	500,331	153,659	141,038	10	5,728,133
	106,001,408	3,549,706	3,286,008	36,192,987	30,718,197	20,249,387	1,080,806	201,078,499
<b>2019</b>								
<b>Non-derivative liabilities</b>								
Deposits from customers	320,682,061	86,142,184	65,179,600	67,257,108	8,993,461	562,309	1,302,807	550,119,530
Investment accounts of customers	15,935,517	1,034,677	2,202,377	1,678,553	17,272	3,281	-	20,871,677
Deposits and placements from financial institutions	15,691,482	9,904,865	12,678,014	10,050,368	865,567	478,050	200,120	49,868,466
Obligations on financial assets sold under repurchase agreements	3,717,155	6,006,350	2,595,360	88,864	1,575,404	-	-	13,983,133
Financial liabilities at fair value through profit or loss	-	-	-	22,772	-	-	6,507,981	6,530,753
Bills and acceptances payable	1,289,568	2,240	3,117	-	-	-	-	1,294,925
Insurance/takaful contract liabilities and other insurance payables	27,203,367	3,563	43,685	152,749	9,717	552	3,493,399	30,907,032
Other liabilities	12,270,013	1,202,107	1,369,256	975,905	3,413,329	2,974,632	1,036,968	23,242,210
Recourse obligation on loans and financing sold to Cagamas	-	-	1,575,990	-	-	-	-	1,575,990
Borrowings	3,088,985	3,075,571	5,641,481	6,587,181	12,654,571	11,122,588	1,432,085	43,602,462
Subordinated obligations	-	1,811	1,771	3,621	514,642	264,846	12,380,092	13,166,783
Capital securities	-	-	-	-	-	-	3,504,895	3,504,895
	399,878,148	107,373,368	91,290,651	86,817,121	28,043,963	15,406,258	29,858,347	758,667,856
<b>Commitments and contingencies</b>								
Direct credit substitutes	1,742,645	1,442,680	1,469,642	4,181,964	2,094,558	212,070	508,422	11,651,981
Certain transaction-related contingent items	1,456,246	944,887	3,719,441	3,700,459	4,861,557	2,913,049	337,580	17,933,219
Short-term self-liquidating trade-related contingencies	1,035,960	1,254,417	417,388	175,106	80,598	-	-	2,963,469
Irrevocable commitments to extend credit	92,448,348	342,608	844,641	26,908,145	26,524,817	16,042,880	587,206	163,698,645
Miscellaneous	7,234,812	649,746	395,960	519,297	156,225	9,791	10	8,965,841
	103,918,011	4,634,338	6,847,072	35,484,971	33,717,755	19,177,790	1,433,218	205,213,155



## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (g) Liquidity risk management (cont'd.)

#### 3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities as at 31 December 2020 and 31 December 2019. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit analysis. The Group and the Bank manage inherent liquidity risk based on discounted expected cash flows (cont'd.).

Bank	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 months to 1 year	>1 to 3 years	>3 to 5 years	Over 5 years	Total
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Non-derivative liabilities</b>								
Deposits from customers	170,081,973	34,713,264	21,403,539	22,353,228	1,779,292	87,543	-	250,418,839
Deposits and placements from financial institutions	18,795,958	8,841,024	1,949,387	4,439,486	512,143	77,004	239,770	34,854,772
Obligations on financial assets sold under repurchase agreements	28,924,040	6,035,839	459,334	-	1,543,879	-	-	36,963,092
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	10,161,921	10,161,921
Bills and acceptances payable	452,149	1,425	5,043	-	-	-	-	458,617
Other liabilities	197,592	402,826	582,974	468,916	4,210,827	1,257,431	1,240,316	8,360,882
Borrowings	723,317	2,317,523	7,276,379	1,573,415	12,864,393	6,627,213	1,576,889	32,959,129
Subordinated obligations	-	-	-	2,086,902	-	4,958,850	2,993,110	10,038,862
Capital securities	-	-	-	-	-	1,442,643	1,946,918	3,389,561
	219,175,029	52,311,901	31,676,656	30,921,947	20,910,534	14,450,684	18,158,924	387,605,675
<b>Commitments and contingencies</b>								
Direct credit substitutes	1,863,752	401,956	992,069	2,691,284	1,480,467	36,506	643	7,466,677
Certain transaction-related contingent items	1,412,077	1,107,513	1,259,595	3,096,979	3,463,466	1,110,105	56,336	11,506,071
Short-term self-liquidating trade-related contingencies	1,283,296	717,286	60,007	25,798	5,928	-	-	2,092,315
Irrevocable commitments to extend credit	73,706,546	306,896	63,288	729,795	13,742,563	12,754,660	331,041	101,634,789
Miscellaneous	2,273,723	397,953	60,207	402,485	52,639	107,109	-	3,294,116
	80,539,394	2,931,604	2,435,166	6,946,341	18,745,063	14,008,380	388,020	125,993,968
<b>Bank</b>								
<b>2019</b>								
<b>Non-derivative liabilities</b>								
Deposits from customers	161,171,748	34,812,777	20,933,340	24,057,565	3,527,060	514,142	-	245,016,632
Deposits and placements from financial institutions	27,236,350	8,541,774	11,353,130	9,718,603	141,445	287,863	200,000	57,479,165
Obligations on financial assets sold under repurchase agreements	18,115,918	6,006,350	2,595,360	-	1,575,404	-	-	28,293,032
Financial liabilities at fair value through profit or loss	-	-	-	22,772	-	-	6,507,981	6,530,753
Bills and acceptances payable	474,305	2,240	3,117	-	-	-	-	479,662
Other liabilities	7,747,156	76,588	86,906	42,772	341,011	254,163	263,992	8,812,588
Recourse obligation on loans and financing sold to Cagamas	-	-	1,575,990	-	-	-	-	1,575,990
Borrowings	914,569	1,882,075	4,368,093	5,470,774	9,845,427	10,620,991	1,399,977	34,501,906
Subordinated obligations	-	-	-	-	-	-	12,380,092	12,380,092
Capital securities	-	-	-	-	-	-	3,504,895	3,504,895
	215,660,046	51,321,804	40,915,936	39,312,486	15,430,347	11,677,159	24,256,937	398,574,715
<b>Commitments and contingencies</b>								
Direct credit substitutes	975,991	1,132,408	1,254,792	3,310,471	1,964,884	208,311	4,694	8,851,551
Certain transaction-related contingent items	942,103	743,907	3,406,386	3,273,198	3,841,747	1,626,138	219,159	14,052,638
Short-term self-liquidating trade-related contingencies	643,586	972,314	387,653	164,379	57,054	-	-	2,224,986
Irrevocable commitments to extend credit	71,749,515	342,608	844,641	1,698,782	16,662,459	12,775,480	587,207	104,660,692
Miscellaneous	2,989,786	595,057	369,951	462,727	153,509	9,728	-	4,580,758
	77,300,981	3,786,294	6,263,423	8,909,557	22,679,653	14,619,657	811,060	134,370,625

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## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

## (g) Liquidity risk management (cont'd.)

## 3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

The tables below analyse the Group's and the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at 31 December 2020 and 31 December 2019. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2020</b>								
<b>Net settled derivatives</b>								
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange related contracts	14,260	(55,005)	32,270	(15,875)	(20,843)	156	104	(44,933)
- Interest rate related contracts	(1,868,093)	(169,446)	(641,598)	(827,620)	(2,352,388)	(1,147,687)	(3,291,268)	(10,298,100)
- Equity related contracts	(3,444)	(77,143)	(40,647)	(104,772)	3,300	-	-	(222,706)
<b>Hedging derivatives</b>								
- Interest rate related contracts	(2,543)	2,168	-	1,929	(263)	-	-	1,291
	(1,859,820)	(299,426)	(649,975)	(946,338)	(2,370,194)	(1,147,531)	(3,291,164)	(10,564,448)
<b>Gross settled derivatives</b>								
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
Derivatives:								
- Outflow	(207,019,665)	(118,300,558)	(33,728,811)	(12,961,426)	(16,539,207)	(6,122,952)	(4,912,711)	(399,585,330)
- Inflow	206,699,099	117,798,685	33,282,244	12,879,944	15,548,217	5,418,166	4,524,793	396,151,148
<b>Hedging derivatives</b>								
Derivatives:								
- Outflow	(416,595)	(3,767)	(10,501)	(25,996)	(3,088,778)	(237,680)	(469,195)	(4,252,512)
- Inflow	407,699	4,511	9,748	16,386	2,966,636	251,642	550,147	4,206,769
	(329,462)	(501,129)	(447,320)	(91,092)	(1,113,132)	(690,824)	(306,966)	(3,479,925)
<b>2019</b>								
<b>Net settled derivatives</b>								
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange related contracts	(35,515)	(60,730)	(54,269)	(29,867)	(2,949)	(35,236)	-	(218,566)
- Interest rate related contracts	(1,096,252)	(3,692,840)	985,210	203,025	270,824	(613,603)	(5,791,156)	(9,734,792)
- Equity related contracts	(42,068)	(16,775)	(50,260)	(240,371)	(172,617)	-	-	(522,091)
<b>Hedging derivatives</b>								
- Interest rate related contracts	1,685	-	(2,124)	(1,789)	(3,572)	-	-	(5,800)
	(1,172,150)	(3,770,345)	878,557	(69,002)	91,686	(648,839)	(5,791,156)	(10,481,249)
<b>Gross settled derivatives</b>								
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
Derivatives:								
- Outflow	(189,867,946)	(110,494,365)	(31,482,681)	(17,062,207)	(14,079,208)	(9,156,228)	(6,084,190)	(378,226,825)
- Inflow	190,006,871	110,424,967	31,141,026	16,990,171	13,762,087	7,715,894	5,875,717	375,916,733
<b>Hedging derivatives</b>								
Derivatives:								
- Outflow	(425,811)	(19,173)	(40,813)	(334,268)	(2,319,189)	(2,093,826)	(473,571)	(5,706,651)
- Inflow	421,288	25,864	40,683	314,254	2,271,535	2,040,006	431,218	5,544,848
	134,402	(62,707)	(341,785)	(92,050)	(364,775)	(1,494,154)	(250,826)	(2,471,895)

## 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

### (g) Liquidity risk management (cont'd.)

#### 3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

The tables below analyse the Group's and the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at 31 December 2020 and 31 December 2019. The amounts disclosed in the tables are the contractual undiscounted cash flows (cont'd.).

Bank	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 months to 1 year	>1 to 3 years	>3 to 5 years	Over 5 years	Total
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Net settled derivatives</b>								
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange related contracts	12,763	(55,656)	32,217	(15,875)	(22,438)	-	-	(48,989)
- Interest rate related contracts	(1,868,195)	(171,812)	(639,383)	(829,462)	(2,358,724)	(1,150,684)	(3,291,268)	(10,309,528)
- Equity related contracts	(4,973)	(77,296)	(41,031)	(104,772)	3,300	-	-	(224,772)
<b>Hedging derivatives</b>								
- Interest rate related contracts	(2,543)	2,168	-	1,929	(263)	-	-	1,291
	(1,862,948)	(302,596)	(648,197)	(948,180)	(2,378,125)	(1,150,684)	(3,291,268)	(10,581,998)
<b>Gross settled derivatives</b>								
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
Derivatives:								
- Outflow	(202,302,363)	(113,316,333)	(30,734,138)	(12,723,662)	(15,002,250)	(5,787,941)	(3,712,885)	(383,579,572)
- Inflow	202,024,597	113,084,411	30,425,367	12,731,340	14,072,500	5,106,989	3,417,324	380,862,528
<b>Hedging derivatives</b>								
Derivatives:								
- Outflow	(416,595)	(3,767)	(10,501)	(25,996)	(3,088,778)	(237,680)	(469,195)	(4,252,512)
- Inflow	407,699	4,511	9,748	16,386	2,966,636	251,642	550,147	4,206,769
	(286,662)	(231,178)	(309,524)	(1,932)	(1,051,892)	(666,990)	(214,609)	(2,762,787)
<b>Bank</b>								
<b>2019</b>								
<b>Net settled derivatives</b>								
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange related contracts	(30,835)	(59,278)	(54,038)	(29,867)	(2,930)	(34,984)	-	(211,932)
- Interest rate related contracts	(1,096,252)	67,836	157,131	217,886	279,863	707,879	(5,791,156)	(5,456,813)
- Equity related contracts	(1,095)	(14,723)	(49,970)	(240,371)	(172,617)	-	-	(478,776)
<b>Hedging derivatives</b>								
- Interest rate related contracts	1,685	-	(2,124)	(1,789)	(3,572)	-	-	(5,800)
	(1,126,497)	(6,165)	50,999	(54,141)	100,744	672,895	(5,791,156)	(6,153,321)
<b>Gross settled derivatives</b>								
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
Derivatives:								
- Outflow	(187,878,655)	(108,091,805)	(29,120,535)	(16,529,363)	(12,875,823)	(9,161,824)	(6,084,190)	(369,742,195)
- Inflow	188,033,660	108,091,179	28,861,232	16,675,932	12,577,343	7,714,548	5,875,717	367,829,611
<b>Hedging derivatives</b>								
Derivatives:								
- Outflow	(425,811)	(19,173)	(40,813)	(334,268)	(2,319,189)	(2,093,826)	(473,571)	(5,706,651)
- Inflow	421,288	25,864	40,683	314,254	2,271,535	2,040,006	431,218	5,544,848
	150,482	6,065	(259,433)	126,555	(346,134)	(1,501,096)	(250,826)	(2,074,387)

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### 55. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

#### (h) Operational risk management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

The Group's operational risk management is premised on the three lines of defence concept. Risk taking units (Strategic Business Unit), as first line of defence are primarily responsible for the day-to-day management of operational risks within their respective business operations. They are responsible for establishing and maintaining their respective operational manuals and ensuring that activities undertaken by them comply with the Group's operational risk management framework.

The Operational Risk Management ("ORM") team, as the second line of defence, is responsible for the formulation and implementation of operational risk management policy within the Group, which encompasses the operational risk management strategy and governance structure. ORM is also responsible for the development and implementation of operational risk management tools and methodologies to identify, measure, control, report and monitor operational risks.

The Group's Internal Audit plays the third line of defence by providing independent assurance in respect of the overall effectiveness of the operational risk management process, which includes performing independent review and periodic validation of the ORM policy and process as well as conducting regular review on implementation of ORM tools by ORM and the respective business units.

### 56. FAIR VALUE MEASUREMENTS

This disclosure provides information on fair value measurements for financial and non-financial assets and financial liabilities and are structured as follows:

- (a) Valuation principles;
- (b) Valuation techniques;
- (c) Fair value measurements and classification within the fair value hierarchy;
- (d) Transfers between Level 1 and Level 2 in the fair value hierarchy;
- (e) Movements of Level 3 instruments;
- (f) Sensitivity of fair value measurements to changes in unobservable input assumptions; and
- (g) Financial instruments not measured at fair value.

#### (a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group and the Bank determine the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs.

Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Group established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group and the Bank follow methodologies that consider factors such as bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Group and the Bank continuously enhance their design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for their intended use.

For disclosure purposes, the level in the hierarchy within which the instruments are classified in its entirety is based on the lowest level input that is significant to the position's fair value measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

- Level 2: Valuation techniques for which all significant inputs are, or are based on, observable market data

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds, illiquid equities and consumer loans and financing with homogeneous or similar features in the market.

- Level 3: Valuation techniques for which significant inputs are not based on observable market data

Refers to instruments where fair value is measured using significant unobservable inputs. The valuation techniques used are consistent with Level 2 but incorporates the Group's and the Bank's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and loans and financing priced primarily based on internal credit assessment.

#### (b) Valuation techniques

The valuation techniques used for the financial and non-financial assets and financial liabilities that are not determined by reference to quoted prices (Level 1) are described below:

##### **Derivatives**

The fair values of the Group's and the Bank's derivative instruments are derived using discounted cash flows analysis, option pricing and benchmarking models.

##### **Financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income**

The fair values of these financial assets/financial investments are determined by reference to prices quoted by independent data providers and independent brokers. Fair values for unquoted equity securities held for socio economic reasons (classified as Level 3) are determined based on the net tangible assets of the companies.

##### **Loans, advances and financing at fair value through profit or loss and at fair value through other comprehensive income**

The fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles.

##### **Financial liabilities at fair value through profit or loss**

The fair values of financial liabilities designated at fair value through profit or loss are derived using discounted cash flows.

##### **Investment properties**

The fair values of investment properties are determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Under the comparison method, fair value is estimated by considering the selling price per square foot of comparable investment properties sold adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. Income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process may consider the relationships including yield and discount rates.

## 56. FAIR VALUE MEASUREMENTS (CONT'D.)

### (c) Fair value measurements and classification within the fair value hierarchy

The classification in the fair value hierarchy of the Group's and of the Bank's financial and non-financial assets and financial liabilities measured at fair value is summarised in the table below:

Group	Valuation technique using			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
<b>2020</b>				
<b>Non-financial assets measured at fair value:</b>				
Investment properties	-	-	941,545	941,545
<b>Financial assets measured at fair value:</b>				
<b>Financial assets designated upon initial recognition at fair value through profit or loss</b>				
Money market instruments	130,153	13,897,878	-	14,028,031
Quoted securities	-	639,811	-	639,811
Unquoted securities	130,153	-	-	130,153
	-	13,258,067	-	13,258,067
<b>Financial investments at fair value through profit or loss</b>	<b>8,766,663</b>	<b>17,541,955</b>	<b>871,228</b>	<b>27,179,846</b>
Money market instruments	-	12,217,753	-	12,217,753
Quoted securities	8,766,663	-	-	8,766,663
Unquoted securities	-	5,324,202	871,228	6,195,430
<b>Financial investments at fair value through other comprehensive income</b>	<b>3,499,479</b>	<b>123,459,360</b>	<b>543,842</b>	<b>127,502,681</b>
Money market instruments	-	67,536,344	-	67,536,344
Quoted securities	3,499,479	-	-	3,499,479
Unquoted securities	-	55,923,016	543,842	56,466,858
<b>Loans, advances and financing at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>170,712</b>	<b>170,712</b>
<b>Loans, advances and financing at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>16,031,857</b>	<b>16,031,857</b>
<b>Derivative assets</b>	<b>-</b>	<b>19,854,044</b>	<b>53,913</b>	<b>19,907,957</b>
Foreign exchange related contracts	-	6,465,592	-	6,465,592
Interest rate related contracts	-	14,654,344	-	14,654,344
Equity and commodity related contracts	-	304,888	53,913	358,801
Credit related contracts	-	334	-	334
Netting effects under MFRS 132 Amendments	-	(1,571,114)	-	(1,571,114)
	<b>12,396,295</b>	<b>174,753,237</b>	<b>17,671,552</b>	<b>204,821,084</b>
<b>Financial liabilities measured at fair value:</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
Borrowings	-	10,161,921	-	10,161,921
	-	10,161,921	-	10,161,921
<b>Derivative liabilities</b>	<b>-</b>	<b>19,097,838</b>	<b>53,913</b>	<b>19,151,751</b>
Foreign exchange related contracts	-	6,517,696	-	6,517,696
Interest rate related contracts	-	13,720,610	-	13,720,610
Equity and commodity related contracts	-	430,625	53,913	484,538
Credit related contracts	-	21	-	21
Netting effects under MFRS 132 Amendments	-	(1,571,114)	-	(1,571,114)
	<b>-</b>	<b>29,259,759</b>	<b>53,913</b>	<b>29,313,672</b>

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### 56. FAIR VALUE MEASUREMENTS (CONT'D.)

#### (c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

The classification in the fair value hierarchy of the Group's and of the Bank's financial and non-financial assets and financial liabilities measured at fair value is summarised in the table below (cont'd.):

Group	Valuation technique using			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
<b>2019</b>				
<b>Non-financial assets measured at fair value:</b>				
Investment properties	-	-	921,471	921,471
<b>Financial assets measured at fair value:</b>				
<b>Financial assets designated upon initial recognition at fair value through profit or loss</b>				
Money market instruments	-	474,348	-	474,348
Quoted securities	113,647	-	-	113,647
Unquoted securities	-	13,735,308	-	13,735,308
<b>Financial investments at fair value through profit or loss</b>	6,590,452	12,973,288	807,125	20,370,865
Money market instruments	-	7,808,341	-	7,808,341
Quoted securities	6,590,452	-	-	6,590,452
Unquoted securities	-	5,164,947	807,125	5,972,072
<b>Financial investments at fair value through other comprehensive income</b>	1,644,956	121,243,317	463,260	123,351,533
Money market instruments	-	64,289,820	-	64,289,820
Quoted securities	1,644,956	-	-	1,644,956
Unquoted securities	-	56,953,497	463,260	57,416,757
<b>Loans, advances and financing at fair value through profit or loss</b>	-	-	401,703	401,703
<b>Loans, advances and financing at fair value through other comprehensive income</b>	-	-	11,821,285	11,821,285
<b>Derivative assets</b>	-	10,252,236	83,393	10,335,629
Foreign exchange related contracts	-	3,305,316	-	3,305,316
Interest rate related contracts	-	7,697,985	-	7,697,985
Equity and commodity related contracts	-	112,192	83,393	195,585
Credit related contracts	-	32	-	32
Netting effects under MFRS 132 Amendments	-	(863,289)	-	(863,289)
	8,349,055	158,678,497	13,576,766	180,604,318
<b>Financial liabilities measured at fair value:</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
Structured deposits	-	22,772	-	22,772
Borrowings	-	6,507,981	-	6,507,981
<b>Derivative liabilities</b>	-	11,098,914	83,393	11,182,307
Foreign exchange related contracts	-	3,958,230	-	3,958,230
Interest rate related contracts	-	7,642,580	-	7,642,580
Equity and commodity related contracts	-	360,492	83,393	443,885
Credit related contracts	-	901	-	901
Netting effects under MFRS 132 Amendments	-	(863,289)	-	(863,289)
	-	17,629,667	83,393	17,713,060

## 56. FAIR VALUE MEASUREMENTS (CONT'D.)

### (c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

The classification in the fair value hierarchy of the Group's and of the Bank's financial and non-financial assets and financial liabilities measured at fair value is summarised in the table below (cont'd.):

Bank	Valuation technique using			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
<b>2020</b>				
<b>Financial assets measured at fair value:</b>				
<b>Financial investments at fair value through profit or loss</b>	<b>518,705</b>	<b>16,988,267</b>	<b>682,508</b>	<b>18,189,480</b>
Money market instruments	-	11,757,406	-	11,757,406
Quoted securities	518,705	-	-	518,705
Unquoted securities	-	5,230,861	682,508	5,913,369
<b>Financial investments at fair value through other comprehensive income</b>	<b>17,836</b>	<b>75,004,340</b>	<b>511,617</b>	<b>75,533,793</b>
Money market instruments	-	31,797,338	-	31,797,338
Quoted securities	17,836	-	-	17,836
Unquoted securities	-	43,207,002	511,617	43,718,619
<b>Loans, advances and financing at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>170,712</b>	<b>170,712</b>
<b>Loans, advances and financing at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>13,290,590</b>	<b>13,290,590</b>
<b>Derivative assets</b>	<b>-</b>	<b>19,659,889</b>	<b>53,913</b>	<b>19,713,802</b>
Foreign exchange related contracts	-	6,477,479	-	6,477,479
Interest rate related contracts	-	14,603,840	-	14,603,840
Equity and commodity related contracts	-	135,936	53,913	189,849
Credit related contracts	-	334	-	334
Netting effects under MFRS 132 Amendments	-	(1,557,700)	-	(1,557,700)
	<b>536,541</b>	<b>111,652,496</b>	<b>14,709,340</b>	<b>126,898,377</b>
<b>Financial liabilities measured at fair value:</b>				
<b>Financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>10,161,921</b>	<b>-</b>	<b>10,161,921</b>
Borrowings	-	10,161,921	-	10,161,921
<b>Derivative liabilities</b>	<b>-</b>	<b>18,670,480</b>	<b>53,913</b>	<b>18,724,393</b>
Foreign exchange related contracts	-	6,371,259	-	6,371,259
Interest rate related contracts	-	13,709,263	-	13,709,263
Equity and commodity related contracts	-	147,637	53,913	201,550
Credit related contracts	-	21	-	21
Netting effects under MFRS 132 Amendments	-	(1,557,700)	-	(1,557,700)
	<b>-</b>	<b>28,832,401</b>	<b>53,913</b>	<b>28,886,314</b>

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### 56. FAIR VALUE MEASUREMENTS (CONT'D.)

#### (c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

The classification in the fair value hierarchy of the Group's and of the Bank's financial and non-financial assets and financial liabilities measured at fair value is summarised in the table below (cont'd.):

Bank	Valuation technique using			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
<b>2019</b>				
<b>Financial assets measured at fair value:</b>				
<b>Financial investments at fair value through profit or loss</b>	318,292	11,972,355	622,176	12,912,823
Money market instruments	-	6,907,320	-	6,907,320
Quoted securities	318,292	-	-	318,292
Unquoted securities	-	5,065,035	622,176	5,687,211
<b>Financial investments at fair value through other comprehensive income</b>	18,435	80,350,611	429,654	80,798,700
Money market instruments	-	33,329,630	-	33,329,630
Quoted securities	18,435	-	-	18,435
Unquoted securities	-	47,020,981	429,654	47,450,635
<b>Loans, advances and financing at fair value through profit or loss</b>	-	-	401,703	401,703
<b>Loans, advances and financing at fair value through other comprehensive income</b>	-	-	11,380,901	11,380,901
<b>Derivative assets</b>	-	9,918,610	83,393	10,002,003
Foreign exchange related contracts	-	3,169,901	-	3,169,901
Interest rate related contracts	-	7,556,412	-	7,556,412
Equity and commodity related contracts	-	47,057	83,393	130,450
Credit related contracts	-	32	-	32
Netting effects under MFRS 132 Amendments	-	(854,792)	-	(854,792)
	336,727	102,241,576	12,917,827	115,496,130
<b>Financial liabilities measured at fair value:</b>				
<b>Financial liabilities at fair value through profit or loss</b>	-	6,530,753	-	6,530,753
Structured deposits	-	22,772	-	22,772
Borrowings	-	6,507,981	-	6,507,981
<b>Derivative liabilities</b>	-	10,504,885	83,393	10,588,278
Foreign exchange related contracts	-	3,784,072	-	3,784,072
Interest rate related contracts	-	7,539,308	-	7,539,308
Equity and commodity related contracts	-	35,396	83,393	118,789
Credit related contracts	-	901	-	901
Netting effects under MFRS 132 Amendments	-	(854,792)	-	(854,792)
	-	17,035,638	83,393	17,119,031



## 56. FAIR VALUE MEASUREMENTS (CONT'D.)

### (d) Transfers between Level 1 and Level 2 in the fair value hierarchy

The accounting policy for determining when transfers between levels of the fair value hierarchy occurred is disclosed in Note 2.3(xxii). There were no transfers between Level 1 and Level 2 for the Group and the Bank during the financial year ended 31 December 2020.

### (e) Movements of Level 3 instruments

The following tables present additional information about Level 3 financial assets and financial liabilities measured at fair value on a recurring basis:

Group	At 1 January 2020 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains recognised in income statements# RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2020 RM'000
<b>As at 31 December 2020</b>											
<b>Financial investments at fair value through profit or loss</b>											
Unquoted securities	807,125	3,900	64,870	-	-	(4,680)	-	13	-	-	871,228
<b>Financial investments at fair value through other comprehensive income</b>											
Unquoted securities	463,260	-	-	80,671	-	-	-	(89)	-	-	543,842
<b>Loans, advances and financing at fair value through profit or loss</b>											
	401,703	-	479	-	155,483	-	(382,457)	(4,496)	-	-	170,712
<b>Loans, advances and financing at fair value through other comprehensive income</b>											
	11,821,285	-	-	212,883	6,472,615	-	(2,461,126)	(13,800)	-	-	16,031,857
<b>Derivative assets</b>											
Equity and commodity related contracts	83,393	456,777	77,240	-	36,870	-	(600,367)	-	-	-	53,913
<b>Total Level 3 financial assets</b>	<b>13,576,766</b>	<b>460,677</b>	<b>142,589</b>	<b>293,554</b>	<b>6,664,968</b>	<b>(4,680)</b>	<b>(3,443,950)</b>	<b>(18,372)</b>	<b>-</b>	<b>-</b>	<b>17,671,552</b>
<b>Derivative liabilities</b>											
Equity and commodity related contracts	(83,393)	457,440	77,240	-	(36,870)	-	(468,330)	-	-	-	(53,913)
<b>Total Level 3 financial liabilities</b>	<b>(83,393)</b>	<b>457,440</b>	<b>77,240</b>	<b>-</b>	<b>(36,870)</b>	<b>-</b>	<b>(468,330)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,913)</b>
<b>Total net Level 3 financial assets/(liabilities)</b>	<b>13,493,373</b>	<b>918,117</b>	<b>219,829</b>	<b>293,554</b>	<b>6,628,098</b>	<b>(4,680)</b>	<b>(3,912,280)</b>	<b>(18,372)</b>	<b>-</b>	<b>-</b>	<b>17,617,639</b>

\* Included within 'Other operating income', 'Allowances for/(writeback of) for Impairment Losses on Financial Investments' and 'Income from Islamic Banking Scheme operations'.

# Included within 'Other operating income' and 'Income from Islamic Banking Scheme operations'.

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## 56. FAIR VALUE MEASUREMENTS (CONT'D.)

## (e) Movements of Level 3 instruments (cont'd.)

The following tables present additional information about Level 3 financial assets and financial liabilities measured at fair value on a recurring basis (cont'd.):

Group	At 1 January 2019 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised losses recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2019 RM'000
<b>As at 31 December 2019</b>											
<b>Financial investments at fair value through profit or loss</b>											
Unquoted securities	779,947	-	26,910	-	-	-	-	-	268	-	807,125
<b>Financial investments at fair value through other comprehensive income</b>											
Unquoted securities	513,355	10,339	-	(29,403)	51,131	(80,020)	-	(2,142)	-	-	463,260
<b>Loans, advances and financing at fair value through profit or loss</b>											
	396,950	-	(10,573)	-	382,225	-	(365,280)	(1,619)	-	-	401,703
<b>Loans, advances and financing at fair value through other comprehensive income</b>											
	8,968,438	-	-	(152,421)	7,227,166	-	(4,211,911)	(9,987)	-	-	11,821,285
<b>Derivative assets</b>											
Equity and commodity related contracts	203,947	77,682	(83,260)	-	24,102	-	(139,078)	-	-	-	83,393
<b>Total Level 3 financial assets</b>	10,862,637	88,021	(66,923)	(181,824)	7,684,624	(80,020)	(4,716,269)	(13,748)	268	-	13,576,766
<b>Derivative liabilities</b>											
Equity and commodity related contracts	(203,947)	79,407	(82,551)	-	(22,903)	-	146,601	-	-	-	(83,393)
<b>Total Level 3 financial liabilities</b>	(203,947)	79,407	(82,551)	-	(22,903)	-	146,601	-	-	-	(83,393)
<b>Total net Level 3 financial assets/(liabilities)</b>	10,658,690	167,428	(149,474)	(181,824)	7,661,721	(80,020)	(4,569,668)	(13,748)	268	-	13,493,373

\* Included within 'Other operating income', 'Allowances for/(writeback of) for Impairment Losses on Financial Investments' and 'Income from Islamic Banking Scheme operations'.

# Included within 'Other operating income' and 'Income from Islamic Banking Scheme operations'.

## 56. FAIR VALUE MEASUREMENTS (CONT'D.)

### (e) Movements of Level 3 instruments (cont'd.)

The following tables present additional information about Level 3 financial assets and financial liabilities measured at fair value on a recurring basis (cont'd.):

Bank	At 1 January 2020 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains recognised in income statements# RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2020 RM'000
<b>As at 31 December 2020</b>											
<b>Financial investments at fair value through profit or loss</b>											
Unquoted securities	622,176	-	60,332	-	-	-	-	-	-	-	682,508
<b>Financial investments at fair value through other comprehensive income</b>											
Unquoted securities	429,654	-	-	81,963	-	-	-	-	-	-	511,617
<b>Loans, advances and financing at fair value through profit or loss</b>											
	401,703	-	479	-	155,483	-	(382,457)	(4,496)	-	-	170,712
<b>Loans, advances and financing at fair value through other comprehensive income</b>											
	11,380,901	-	-	178,658	4,125,357	-	(2,380,526)	(13,800)	-	-	13,290,590
<b>Derivative assets</b>											
Equity and commodity related contracts	83,393	456,777	77,240	-	36,870	-	(600,367)	-	-	-	53,913
<b>Total Level 3 financial assets</b>	<b>12,917,827</b>	<b>456,777</b>	<b>138,051</b>	<b>260,621</b>	<b>4,317,710</b>	<b>-</b>	<b>(3,363,350)</b>	<b>(18,296)</b>	<b>-</b>	<b>-</b>	<b>14,709,340</b>
<b>Derivative liabilities</b>											
Equity and commodity related contracts	(83,393)	457,440	77,240	-	(36,870)	-	(468,330)	-	-	-	(53,913)
<b>Total Level 3 financial liabilities</b>	<b>(83,393)</b>	<b>457,440</b>	<b>77,240</b>	<b>-</b>	<b>(36,870)</b>	<b>-</b>	<b>(468,330)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,913)</b>
<b>Total net Level 3 financial assets/(liabilities)</b>	<b>12,834,434</b>	<b>914,217</b>	<b>215,291</b>	<b>260,621</b>	<b>4,280,840</b>	<b>-</b>	<b>(3,831,680)</b>	<b>(18,296)</b>	<b>-</b>	<b>-</b>	<b>14,655,427</b>

\* Included within 'Other operating income' and 'Allowances for/(writeback of) for Impairment Losses on Financial Investments'.

# Included within 'Other operating income'.

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### 56. FAIR VALUE MEASUREMENTS (CONT'D.)

#### (e) Movements of Level 3 instruments (cont'd.)

The following tables present additional information about Level 3 financial assets and financial liabilities measured at fair value on a recurring basis (cont'd.):

Bank	At 1 January 2019 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements* RM'000	Unrealised losses recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2019 RM'000
<b>As at 31 December 2019</b>											
<b>Financial investments at fair value through profit or loss</b>											
Unquoted securities	600,549	-	21,627	-	-	-	-	-	-	-	622,176
<b>Financial investments at fair value through other comprehensive income</b>											
Unquoted securities	459,057	-	-	(29,403)	-	-	-	-	-	-	429,654
<b>Loans, advances and financing at fair value through profit or loss</b>											
	396,950	-	(10,573)	-	382,225	-	(365,280)	(1,619)	-	-	401,703
<b>Loans, advances and financing at fair value through other comprehensive income</b>											
	8,680,217	-	-	(156,333)	7,218,415	-	(4,351,411)	(9,987)	-	-	11,380,901
<b>Derivative assets</b>											
Equity and commodity related contracts	203,947	77,682	(83,260)	-	24,102	-	(139,078)	-	-	-	83,393
<b>Total Level 3 financial assets</b>	<b>10,340,720</b>	<b>77,682</b>	<b>(72,206)</b>	<b>(185,736)</b>	<b>7,624,742</b>	<b>-</b>	<b>(4,855,769)</b>	<b>(11,606)</b>	<b>-</b>	<b>-</b>	<b>12,917,827</b>
<b>Derivative liabilities</b>											
Equity and commodity related contracts	(203,947)	79,407	(82,551)	-	(22,903)	-	146,601	-	-	-	(83,393)
<b>Total Level 3 financial liabilities</b>	<b>(203,947)</b>	<b>79,407</b>	<b>(82,551)</b>	<b>-</b>	<b>(22,903)</b>	<b>-</b>	<b>146,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(83,393)</b>
<b>Total net Level 3 financial assets/(liabilities)</b>	<b>10,136,773</b>	<b>157,089</b>	<b>(154,757)</b>	<b>(185,736)</b>	<b>7,601,839</b>	<b>-</b>	<b>(4,709,168)</b>	<b>(11,606)</b>	<b>-</b>	<b>-</b>	<b>12,834,434</b>

\* Included within 'Other operating income' and 'Allowances for/(writeback of) for Impairment Losses on Financial Investments'.

# Included within 'Other operating income'.

There were no transfers into or out of Level 3 for the Group and the Bank during the financial year ended 31 December 2020.

#### (f) Sensitivity of fair value measurements to changes in unobservable input assumptions

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and financial liabilities in Level 3 of the fair value hierarchy.

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.

## 56. FAIR VALUE MEASUREMENTS (CONT'D.)

### (g) Financial instruments not measured at fair value

The on-balance sheet financial assets and financial liabilities of the Group and of the Bank whose fair values are required to be disclosed in accordance with MFRS 132 comprise all their assets and liabilities with the exception of investments in subsidiaries, interest in associates and joint ventures, property, plant and equipment and provision for current and deferred taxation.

For loans, advances and financing to customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and of the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group and the Bank could realise in a sale transaction as at the reporting date. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group and of the Bank as a going concern.

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the financial assets and financial liabilities as disclosed below.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with carrying amount shown in the statement of financial position:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>2020</b>					
<b>Financial assets</b>					
Deposits and placements with financial institutions	–	10,128,931	–	10,128,931	10,128,931
Financial investments at amortised cost	–	44,698,315	3,561,137	48,259,452	46,475,916
Loans, advances and financing to financial institutions	–	–	899,986	899,986	899,986
Loans, advances and financing to customers	–	186,470,987	326,093,040	512,564,027	495,107,538
<b>Financial liabilities</b>					
Customers' funding:					
– Deposits from customers	–	558,089,672	–	558,089,672	556,349,372
– Investment accounts of customers <sup>^</sup>	–	23,840,946	–	23,840,946	23,840,796
Deposits and placements from financial institutions	–	37,963,439	–	37,963,439	37,878,866
Borrowings	–	35,387,434	3,229,184	38,616,618	38,097,224
Subordinated obligations	–	9,159,574	–	9,159,574	8,967,831
Capital securities	–	2,900,657	–	2,900,657	2,827,793
<b>2019</b>					
<b>Financial assets</b>					
Deposits and placements with financial institutions	–	14,093,218	–	14,093,218	14,093,218
Financial investments at amortised cost	–	32,929,851	2,688,770	35,618,621	34,784,476
Loans, advances and financing to financial institutions	–	–	1,128,618	1,128,618	1,128,618
Loans, advances and financing to customers	–	173,070,094	339,525,001	512,595,095	500,068,104
<b>Financial liabilities</b>					
Customers' funding:					
– Deposits from customers	–	544,863,356	–	544,863,356	544,530,912
– Investment accounts of customers <sup>^</sup>	–	20,738,073	–	20,738,073	20,737,670
Deposits and placements from financial institutions	–	43,686,501	–	43,686,501	43,557,209
Recourse obligation on loans and financing sold to Cagamas	–	1,526,225	–	1,526,225	1,526,225
Borrowings	–	36,064,293	5,338,848	41,403,141	41,339,415
Subordinated obligations	–	9,580,464	–	9,580,464	9,321,125
Capital securities	–	2,844,847	–	2,844,847	2,827,123

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

## Notes to the Financial Statements

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### 56. FAIR VALUE MEASUREMENTS (CONT'D.)

#### (g) Financial instruments not measured at fair value (cont'd.)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with carrying amount shown in the statement of financial position (cont'd.):

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>2020</b>					
<b>Financial assets</b>					
Deposits and placements with financial institutions	–	15,268,348	–	15,268,348	15,268,348
Financial investments at amortised cost	–	32,821,136	8,445,861	41,266,997	39,856,983
Loans, advances and financing to financial institutions	–	–	30,042,986	30,042,986	30,042,986
Loans, advances and financing to customers	–	97,779,797	95,878,217	193,658,014	186,420,174
<b>Financial liabilities</b>					
Deposits from customers	–	251,242,767	–	251,242,767	250,025,335
Deposits and placements from financial institutions	–	34,794,264	–	34,794,264	34,720,115
Borrowings	–	33,579,333	–	33,579,333	33,134,255
Subordinated obligations	–	8,974,959	–	8,974,959	8,808,639
Capital securities	–	2,900,657	–	2,900,657	2,827,793
<b>2019</b>					
<b>Financial assets</b>					
Deposits and placements with financial institutions	–	28,287,338	–	28,287,338	28,287,338
Financial investments at amortised cost	–	26,765,405	6,550,309	33,315,714	32,574,918
Loans, advances and financing to financial institutions	–	–	19,400,239	19,400,239	19,400,239
Loans, advances and financing to customers	–	90,726,231	105,149,398	195,875,629	195,406,377
<b>Financial liabilities</b>					
Deposits from customers	–	243,191,157	–	243,191,157	242,757,617
Deposits and placements from financial institutions	–	51,519,306	–	51,519,306	51,354,535
Recourse obligation on loans and financing sold to Cagamas	–	1,526,225	–	1,526,225	1,526,225
Borrowings	–	32,983,315	–	32,983,315	32,645,025
Subordinated obligations	–	9,386,134	–	9,386,134	9,156,816
Capital securities	–	2,844,847	–	2,844,847	2,827,123

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

#### (i) Financial investments at amortised cost

Fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earnings multiples and discounted cash flows analysis. Where discounted cash flows technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

#### (ii) Loans, advances and financing

The fair values of variable rate loans are estimated to approximate their carrying amount. For fixed rate loans and Islamic financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired loans, the fair values are deemed to approximate the carrying amount which are net of impairment allowances.

#### (iii) Deposits from customers, deposits and placements with/from financial institutions and investment accounts of customers

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits and placements with similar remaining maturities.

#### (iv) Recourse obligation on loans and financing sold to Cagamas

The fair values of recourse obligation on housing loans sold to Cagamas were determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at reporting date.

#### (v) Borrowings, subordinated obligations and capital securities

The fair values of borrowings, subordinated obligations and capital securities are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for similar instruments as at reporting date.

## 57. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are offset and the net amounts are 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.

Amounts which are not offset in the statement of financial position are related to:

- (i) The counterparties' offsetting exposures with the Group and the Bank where the right to set-off is only enforceable in the event of default, insolvency or bankruptcy of the counterparties; and
- (ii) Cash and securities that are received from or pledged with counterparties.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group	Gross amount of recognised financial assets/ financial liabilities RM'000	Gross amount offset in the statement of financial position RM'000	Amount presented in the statement of financial position RM'000	Amount not offset in the statement of financial position		Net amount RM'000
				Financial instruments RM'000	Financial collateral received/ pledged RM'000	
<b>2020</b>						
<b>Financial assets</b>						
Derivative assets	21,479,071	(1,571,114)	19,907,957	(10,718,537)	(1,488,905)	7,700,515
Other assets:						
Amount due from brokers and clients (Note 15)	7,886,070	(4,943,062)	2,943,008	-	-	2,943,008
<b>Financial liabilities</b>						
Derivative liabilities	20,722,865	(1,571,114)	19,151,751	(10,625,844)	(3,158,327)	5,367,580
Other liabilities:						
Amount due to brokers and clients (Note 27)	9,861,899	(4,943,062)	4,918,837	-	-	4,918,837
<b>2019</b>						
<b>Financial assets</b>						
Derivative assets	11,198,918	(863,289)	10,335,629	(4,436,999)	(348,980)	5,549,650
Other assets:						
Amount due from brokers and clients (Note 15)	6,151,166	(4,141,043)	2,010,123	-	-	2,010,123
<b>Financial liabilities</b>						
Derivative liabilities	12,045,596	(863,289)	11,182,307	(4,430,016)	(2,355,254)	4,397,037
Other liabilities:						
Amount due to brokers and clients (Note 27)	8,372,529	(4,141,043)	4,231,486	-	-	4,231,486
<b>Bank</b>						
<b>2020</b>						
<b>Financial assets</b>						
Derivative assets	21,271,502	(1,557,700)	19,713,802	(10,144,636)	(1,390,485)	8,178,681
<b>Financial liabilities</b>						
Derivative liabilities	20,282,093	(1,557,700)	18,724,393	(10,144,636)	(3,158,327)	5,421,430
<b>2019</b>						
<b>Financial assets</b>						
Derivative assets	10,856,795	(854,792)	10,002,003	(4,241,201)	(303,290)	5,457,512
<b>Financial liabilities</b>						
Derivative liabilities	11,443,070	(854,792)	10,588,278	(4,241,201)	(2,355,254)	3,991,823

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### 58. CAPITAL AND OTHER COMMITMENTS

Capital expenditure approved by directors but not provided for in the financial statements amounting to:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Approved and contracted for	111,644	154,068	28,516	27,927
Approved but not contracted for	420,041	439,014	134,753	138,004
	<b>531,685</b>	593,082	<b>163,269</b>	165,931

### 59. CAPITAL MANAGEMENT

The Group's approach to capital management is driven by its strategic objectives and takes into account all relevant regulatory, economic and commercial environments in which the Group operates. The Group regards having a strong capital position as essential to the Group's business strategy and competitive position. As such, the Board and senior management take into account implications on the Group's capital position prior to implementing major business decisions in order to preserve the Group's overall capital strength.

Effective capital management is fundamental to the sustainability of the Group. The Group proactively manages its capital to meet the expectations of key stakeholders such as regulators, shareholders, investors, rating agencies and analysts whilst ensuring that the returns on capital commensurate with risks undertaken by respective business units. The objectives are to:

- Maintain capital ratios at levels sufficiently above the regulatory minimum requirements;
- Support the Group's strong credit ratings from local and international rating agencies;
- Deploy capital efficiently to businesses and optimise returns on capital;
- Remain flexible to capitalise on future opportunities; and
- Build and invest in businesses, even in a stressed environment.

The quality and composition of capital are key factors in the Board and senior management's evaluation of the Group's capital adequacy position. The Group places strong emphasis on the quality of its capital and, accordingly, holds a significant amount of its capital in the form of common equity which is permanent and has the highest loss absorption capability on a going concern basis.

The Group's capital management is guided by the Group Capital Management Framework to ensure that capital is managed on an integrated approach and ensure a strong and flexible financial position to manage through economic cycles across the Group.

The Group's capital management is also supplemented by the Group Annual Capital and Funding Plan to facilitate efficient capital levels and utilisation across the Group. The plan is updated on an annual basis covering at least a three years horizon and approved by the Board for implementation at the beginning of each financial year. The Group Annual Capital and Funding Plan is reviewed by the Board at least annually in order to keep abreast with the latest development on capital management and also to ensure effective and timely execution of the plans contained therein.

Pursuant to Bank Negara Malaysia's ("BNM") Capital Adequacy Framework (Capital Components) issued on 9 December 2020, all financial institutions shall hold and maintain at all times, the minimum Common Equity Tier 1

Ratio of 4.5%, Tier 1 Ratio of 6.0%, and Total Capital Ratio of 8.0%. BNM has also introduced additional capital buffer requirements which comprises Capital Conservation Buffer of 2.5% of total RWA and Countercyclical Capital Buffer ranging between 0% – 2.5% of total RWA. The framework also provides further guidance on the computation approach and operations of the Countercyclical Capital Buffer ranging between 0% – 2.5%.

BNM had on 5 February 2020 issued a Policy document on Domestic Systemically Important Banks ("D-SIB") Framework and identified Maybank as one of the banks categorised as a D-SIB. Maybank is categorised under Bucket 2 of the Higher Loss Absorbency ("HLA") requirements which will come into effect on 31 January 2021.

In the Group's pursuit of an efficient and healthy capital position, the Group had implemented a recurrent and optional Dividend Reinvestment Plan ("DRP") that allows the shareholders of the Group to reinvest electable portions of their dividends into new ordinary shares in the Bank. The DRP is part of the Group's strategy to preserve equity capital to meet the regulatory requirement as well as to grow its business whilst providing healthy dividend income to shareholders. Details of the DRP is disclosed in Note 34(a) and dividend payout is disclosed in Note 53.

### 60. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

#### (a) General

The Group's overall capital adequacy in relation to its risk profile is assessed through a process articulated in the Maybank Group ICAAP Policy ("ICAAP Policy"). The ICAAP Policy is designed to ensure that adequate levels of capital, including capital buffers, are held to support the Group's current and projected demand for capital under existing and stressed conditions. Regular ICAAP reports are submitted to the Group Executive Risk Committee ("GERC") on quarterly basis and Risk Management Committee ("RMC") on half-yearly basis for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them. The ICAAP closely integrates the risk and capital planning and management processes.

Since March 2013, the Group has prepared a Board-approved ICAAP document to fulfil the requirements under the BNM Pillar 2 guideline, which came into effect on 31 March 2013. The document included an overview of ICAAP, current and projected financial and capital position, ICAAP governance, risk assessment models and processes, risk appetite and capital management, stress testing and capital planning and the use of ICAAP. Annually, the Group submits an update of the material changes made to the document to BNM.



## 60. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”) (CONT’D.)

### (b) Comprehensive risk assessment under ICAAP Policy

Under the Group’s ICAAP methodology, the following risk types are identified and measured:

- Risks captured under Pillar 1 (credit risk, market risk and operational risk);
- Risks not fully captured under Pillar 1 (e.g. model risk);
- Risks not specifically addressed under Pillar 1 (e.g. interest rate risk/rate of return risk (both banking and trading book), liquidity risk, business and strategic risk, reputational risk, credit concentration risk, IT risk, cyber risk, regulatory risk, country risk, compliance risk, capital risk, profitability risk, Shariah non-compliance risk, information risk, conduct risk, workforce risk and data quality risk amongst others); and
- External factors, including changes in economic environment i.e. emerging risk, regulations and accounting rules.

A key process emplaced within the Group provides for the identification of material risks that may arise through the introduction of new products and services. Material risks are defined as “risks which would materially impact the financial performance (profitability), capital adequacy, asset quality and/or reputation of the Group should the risk occur”.

In the ICAAP Policy, the Material Risk Assessment Process (“MRAP”) is designed to identify key risks from the Group’s Risk Universe. Annually, a group-wide risk landscape survey is carried out as part of a robust risk management approach to identify and prioritise the key risks based on potential impact of the risks on earnings and capital facing the Group. The survey results provide a synthesis of perceptions of current and future market outlook, based on perspectives of the key stakeholders across retail, commercial, investment banking and insurance operations across the Group’s major entities. In addition, the outcomes of the survey assist in identifying the major risk scenarios over the near term time horizon.

Risks deemed “material” are reported to the Group ERC and RMC via the ICAAP report. For each material risk identified, the Group will ensure appropriate risk mitigation is in place to address these key risks, which include regular risk monitoring through Group Chief Risk Officer (“GCRO”) letter reporting, stress testing, risk mitigation, capital planning and crisis management strategies.

### (c) Assessment of Pillar 1 and Pillar 2 risks

In line with industry best practices, the Group quantifies its risks using methodologies that have been reasonably tested and determined to be fit-for-purpose.

Where risks may not be easily quantified due to the lack of commonly accepted risk measurement techniques, expert judgement is used to determine the size and materiality of risk. The Group has also incorporated forward-looking element to strengthen the Pillar 2 scorecard assessment. The Group’s ICAAP would then focus on the qualitative controls in managing such material non-quantifiable risks. These qualitative measures include the following:

- Adequate governance processes;
- Adequate systems, procedures and internal controls;
- Effective risk mitigation strategies; and
- Regular monitoring and reporting.

### (d) Regular and robust stress testing

The Group’s stress testing programme is embedded in the risk and capital management process of the Group and it is a key function of the capital planning and business planning processes. The programme serves as a forward-looking risk and capital management tool to understand the risk profile under exceptional but plausible and worst case scenarios. Such conditions may arise mainly from economic, political and environmental factors.

Under Maybank Group’s Stress Testing (“GST”) Policy, the potential unfavourable effects of stress scenarios on the Group’s profitability, asset quality, risk-weighted assets, capital adequacy and ability to comply with the risk appetites set, are considered.

Specifically, the stress test programme is designed to:

- Highlight the dynamics of stress events and their potential implications on the Group’s trading and banking book exposures, liquidity positions and likely reputational impacts;
- Proactively identify key strategies to mitigate the effects of stress events;
- Produce stress results as inputs into the Group Capital and Funding Plan in determining capital adequacy and capital targets;
- Produce scenario analysis for the Group’s recovery planning to evaluate overall recovery capacity, identify preferred recovery strategies and ultimately link to risk appetite setting; and
- Provide insights on risk return profile by entity and by line of business under stress.

There are several types of stress tests conducted across the Group:

- Group stress tests – Using a common scenario approved by RMC of which the results are submitted to BNM. It also includes periodic industry-wide stress tests organised by BNM where the scenarios are specified by the Central Bank.
- Localised stress tests – Limited scope stress tests undertaken at portfolio, branch/sector or entity levels based on scenarios relevant to specific localities.
- Ad-hoc stress tests – Stress tests conducted in response to emerging risk events.
- Reverse stress tests – Identification of a range of adverse scenarios which could threaten the viability of Maybank.
- Rapid exposure drills – Assessment of direct impact or potential contagion effect including upside and downside risks.
- Scenario analysis for Maybank Group Recovery Plan – Requirements according to BNM’s Recovery Planning.

Stress test themes reviewed by the Stress Test Working Group in the past include COVID-19 Pandemic, US-China trade war, Eurozone financial crisis, tightening of monetary policies, global economic turmoil, impact on liquidity risk due to cyber attack, digital disruption, impact of external geopolitical events on ASEAN and Asia, impact of weakening Malaysian Ringgit and higher bond yields, Post-Brexit risk on ASEAN economies, the Perfect Storm: Impact of low oil price, weak currencies and slower Chinese GDP growth on ASEAN economies, Federal Reserve rate hike, idiosyncratic event’s implication to the Group, oil price decline, intensified capital outflows from emerging markets including ASEAN, rising inflation and interest rate hikes in ASEAN, impact of Federal Reserve Quantitative Easing tapering, sovereign rating downgrades, slowing Chinese economy, a repeat of Asian Financial Crisis, US dollar depreciation, pandemic flu, asset price collapse, a global double-dip recession scenario, Japan disasters, crude oil price hike, the Eurozone and US debt crisis, amongst others.

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### 60. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”) (CONT’D.)

#### (d) Regular and robust stress testing (cont’d.)

The Stress Test Working Group, which comprises of business, countries and risk management teams, tables the stress test reports to the Senior Management and Board committees and discusses the results with the regulators on a regular basis.

### 61. CAPITAL ADEQUACY

#### (a) Compliance and application of capital adequacy ratios

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM’s Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 3 May 2019. The total RWA are computed based on the following approaches:

- (A) Credit risk under Internal Ratings-Based Approach and Standardised Approach;
- (B) Market risk under Standardised Approach; and
- (C) Operational risk under Basic Indicator Approach.

On an entity level basis, the computation of capital adequacy ratios of the subsidiaries of the Group are as follows:

- (i) For Maybank Islamic Berhad, the computation of capital adequacy ratios are based on BNM’s Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 3 May 2019. The total RWA are computed based on the following approaches:

- (A) Credit risk under Internal Ratings-Based Approach and Standardised Approach;
- (B) Market risk under Standardised Approach; and
- (C) Operational risk under Basic Indicator Approach.

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the financial year ended 31 December 2020 (2019: 4.5%, 6.0% and 8.0% of total RWA).

- (ii) For Maybank Investment Bank Berhad, the computation of capital adequacy ratios are based on BNM’s Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 3 May 2019. The total RWA are computed based on the following approaches:

- (A) Credit risk under Standardised Approach;
- (B) Market risk under Standardised Approach; and
- (C) Operational risk under Basic Indicator Approach.

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the financial year ended 31 December 2020 (2019: 4.5%, 6.0% and 8.0% of total RWA).

- (iii) For PT Bank Maybank Indonesia Tbk, the computation of capital adequacy ratios are in accordance with local requirements, which is based on the Basel II capital accord. The total RWA are computed based on the following approaches:

- (A) Credit risk under Standardised Approach;
- (B) Market risk under Standardised Approach; and
- (C) Operational risk under Basic Indicator Approach.

The minimum regulatory capital adequacy requirement for PT Bank Maybank Indonesia Tbk for the financial year ended 31 December 2020 is 9% up to less than 10% (2019: 9% up to less than 10%) of total RWA.

- (iv) For Maybank Singapore Limited, the computation of capital adequacy ratios are based on MAS Notice 637 dated 14 September 2012 (last revised on 31 March 2020) issued by the Monetary Authority of Singapore (“MAS”). The total RWA are computed based on the following approaches:

- (A) Credit risk under Internal Ratings-Based Approach and Standardised Approach;
- (B) Market risk under Standardised Approach;
- (C) Operational risk under Basic Indicator Approach; and
- (D) Capital floor adjustment to RWA under MAS Notice 637.

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 6.5%, 8.0% and 10.0% of total RWA for the financial year ended 31 December 2020 (2019: 6.5%, 8.0% and 10.0% of total RWA).

#### (b) The capital adequacy ratios of the Group and of the Bank

With effect from 30 June 2013, the amount of declared dividend to be deducted in the calculation of CET1 Capital under a DRP shall be determined in accordance with BNM’s Implementation Guidance on Capital Adequacy Framework (Capital Components) (“Implementation Guidance”) issued on 8 May 2013. Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of declared dividend to be deducted in the calculation of CET1 Capital may be reduced as follows:

- (i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or
- (ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates subject to the amount being not more than 50% of the total electable portion of the dividend.

In respect of the financial year ended 31 December 2020, the Board has proposed the payment of a final single-tier dividend of 38.5 sen per ordinary share, which consists of a cash portion of 17.5 sen and an electable portion of 21.0 sen per ordinary share. The electable portion can be elected to be reinvested by shareholders in new Maybank Shares in accordance with the DRP as disclosed in Note 34(a).

In arriving at the capital adequacy ratios for the financial year ended 31 December 2020, the proposed final dividend has not been deducted from the calculation of CET1 Capital.

## 61. CAPITAL ADEQUACY (CONT'D.)

### (b) The capital adequacy ratios of the Group and of the Bank (cont'd.)

Based on the above, the capital adequacy ratios of the Group and of the Bank are as follows:

	Group		Bank	
	2020	2019	2020	2019
CET1 Capital Ratio	15.313%	15.729%	15.581%	15.314%
Tier 1 Capital Ratio	16.026%	16.486%	16.343%	16.120%
Total Capital Ratio	18.683%	19.387%	18.639%	19.387%

### (c) Components of capital:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CET1 Capital</b>				
Share capital	48,280,355	48,280,355	48,280,355	48,280,355
Retained profits <sup>1</sup>	22,447,018	20,606,011	16,811,402	15,231,992
Other reserves <sup>1</sup>	5,473,660	5,189,258	6,201,908	5,820,765
Qualifying non-controlling interests	115,096	134,080	–	–
CET1 Capital before regulatory adjustments	76,316,129	74,209,704	71,293,665	69,333,112
Less: Regulatory adjustments applied on CET1 Capital	(14,517,207)	(14,374,667)	(34,477,624)	(35,110,987)
Deferred tax assets	(722,391)	(678,978)	–	–
Goodwill	(5,536,309)	(5,709,503)	(81,015)	(81,015)
Other intangibles	(955,439)	(952,424)	(306,645)	(280,120)
Gain on financial instruments classified as 'fair value through other comprehensive income'	(1,922,600)	(1,186,797)	(1,279,711)	(884,294)
Regulatory reserve	(2,115,455)	(2,771,806)	(1,495,500)	(1,894,921)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>2</sup>	(3,265,013)	(3,075,159)	(31,314,753)	(31,970,637)
<b>Total CET1 Capital</b>	<b>61,798,922</b>	<b>59,835,037</b>	<b>36,816,041</b>	<b>34,222,125</b>
<b>Additional Tier 1 Capital</b>				
Capital securities	2,800,000	2,800,000	2,800,000	2,800,000
Qualifying CET1 and Additional Tier 1 Capital instruments held by third parties	78,005	79,175	–	–
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities	–	–	(1,000,000)	(1,000,000)
<b>Total Tier 1 Capital</b>	<b>64,676,927</b>	<b>62,714,212</b>	<b>38,616,041</b>	<b>36,022,125</b>
<b>Tier 2 Capital</b>				
Subordinated obligations	8,707,823	9,045,420	8,707,823	9,045,420
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	41,209	41,287	–	–
General provisions <sup>3</sup>	332,053	399,044	69,408	97,242
Surplus of total eligible provision over total expected loss	1,640,773	1,550,042	989,825	959,033
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities	–	–	(4,341,683)	(2,801,145)
<b>Total Tier 2 Capital</b>	<b>10,721,858</b>	<b>11,035,793</b>	<b>5,425,373</b>	<b>7,300,550</b>
<b>Total Capital</b>	<b>75,398,785</b>	<b>73,750,005</b>	<b>44,041,414</b>	<b>43,322,675</b>

<sup>1</sup> For the Group, the amount excludes retained profits and other reserves from insurance and takaful business. For the Bank, the amount includes retained profits and other reserves of Maybank International (L) Ltd.

<sup>2</sup> For the Bank, the regulatory adjustment includes cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM10,289,000 and (iii) Maybank Agro Fund Sdn. Bhd. of RM57,000 as its assets are included in the Bank's RWA. For the Group, the regulatory adjustment includes carrying amount of associates and investment in insurance and takaful entities.

<sup>3</sup> Refers to loss allowances measured at an amount to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

The capital adequacy ratios of the Group are derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance and takaful entities and associates.

The capital adequacy ratios of the Bank are derived from the Bank and its wholly-owned offshore banking subsidiary, Maybank International (L) Ltd., excluding the investments in subsidiaries and associates (except for Myfin Berhad, Maybank International (L) Ltd. and Maybank Agro Fund Sdn. Bhd. as disclosed above).

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## 61. CAPITAL ADEQUACY (CONT'D.)

(d) The breakdown of RWA by each major risk categories for the Group and the Bank are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Standardised Approach exposure	53,316,271	51,929,068	23,834,870	19,004,852
Internal Ratings-Based Approach exposure after scaling factor	273,462,139	258,340,386	164,970,850	159,838,753
Total RWA for credit risk	326,778,410	310,269,454	188,805,720	178,843,605
Total RWA for market risk	33,242,608	27,288,688	25,137,353	21,513,467
Total RWA for operational risk	43,557,083	42,853,735	22,345,775	23,106,901
Total RWA	403,578,101	380,411,877	236,288,848	223,463,973

(e) The capital adequacy ratios and RWA of subsidiaries of the Bank are as follows:

(i) Capital adequacy ratios

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Maybank Indonesia Tbk	Maybank Singapore Limited
<b>2020</b>				
CET1 Capital Ratio	13.773%	20.560%	–	13.906%
Tier 1 Capital Ratio	15.030%	20.560%	–	13.906%
Total Capital Ratio	18.063%	22.906%	24.312%	18.049%
<b>2019</b>				
CET1 Capital Ratio	14.101%	24.507%	–	18.195%
Tier 1 Capital Ratio	15.508%	24.507%	–	18.195%
Total Capital Ratio	18.845%	25.807%	21.376%	18.497%

(ii) The breakdown of RWA by each major risk categories of subsidiaries of the Bank are as follows:

	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Maybank Indonesia Tbk RM'000	Maybank Singapore Limited RM'000
<b>2020</b>				
Standardised Approach exposure	2,970,081	869,357	25,386,773	14,807,055
Internal Ratings-Based Approach exposure after scaling factor	80,460,704	–	–	25,869,467
Credit valuation adjustment	–	–	–	87,700
Total RWA for credit risk	83,430,785	869,357	25,386,773	40,764,222
Total RWA for credit risk absorbed by Maybank and Investment Account Holders <sup>^</sup>	(13,537,755)	–	–	–
Total RWA for market risk	1,177,963	873,356	865,980	15,082
Total RWA for operational risk	8,499,254	836,086	5,672,335	3,528,759
Total RWA	79,570,247	2,578,799	31,925,088	44,308,063
<b>2019</b>				
Standardised Approach exposure	3,069,539	1,207,422	30,637,949	17,079,171
Internal Ratings-Based Approach exposure after scaling factor	69,483,314	–	–	21,058,209
Credit valuation adjustment	–	–	–	72,446
Total RWA for credit risk	72,552,853	1,207,422	30,637,949	38,209,826
Total RWA for credit risk absorbed by Maybank and Investment Account Holders <sup>^</sup>	(10,472,880)	–	–	–
Total RWA for market risk	963,780	402,336	720,844	14,583
Total RWA for operational risk	8,029,045	743,034	5,612,761	3,835,988
Total RWA	71,072,798	2,352,792	36,971,554	42,060,397

<sup>^</sup> In accordance to the BNM Investment Account policy, the credit risk weighted assets funded by investment accounts (Unrestricted Investment Account and Restricted Investment Account) are excluded from the calculation of capital adequacy ratio of the Bank.

## 62. SEGMENT INFORMATION

### (i) By business segments

The Group's operating segments are Group Community Financial Services, Group Global Banking and Group Insurance and Takaful. The Group determines and presents operating segments based on information provided to the Board and senior management of the Group.

The Group is organised into three (3) operating segments based on services and products available within the Group as follows:

#### (a) Group Community Financial Services ("CFS")

##### (i) Consumer Banking

Consumer Banking comprises the full range of products and services offered to individuals in the region, which includes savings and fixed deposits, remittance services, current accounts, consumer loans such as housing loans and personal loans, hire purchases, unit trusts, bancassurance products and credit cards.

##### (ii) Small, Medium Enterprise ("SME") Banking

SME Banking comprises the full range of products and services offered to small and medium enterprises in the region. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

##### (iii) Business Banking

Business Banking comprises the full range of products and services offered to commercial enterprises in the region. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

#### (b) Group Global Banking ("GB")

##### (i) Group Corporate Banking and Global Markets

Group Corporate Banking and Global Markets comprise of Corporate Banking and Global Markets businesses.

Corporate Banking comprises the full range of products and services offered to business customers in the region, ranging from large corporate and the public sector. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services.

Global Markets comprise the full range of products and services relating to treasury activities and services, which includes foreign exchange, money market, derivatives and trading of capital market.

##### (ii) Group Investment Banking (Maybank IB and Maybank Kim Eng)

Investment Banking comprises the investment banking and securities broking business. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services, debt restructuring advisory services, and share and futures dealings.

##### (iii) Group Asset Management

Asset Management comprises the asset and fund management services, providing a diverse range of Conventional and Islamic investment solutions to retail, corporate and institutional clients.

#### (c) Group Insurance and Takaful

Insurance and Takaful comprise the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses.

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## 62. SEGMENT INFORMATION (CONT'D.)

## (i) By business segments (cont'd.)

Group	Business Segments							Total RM'000
	Group Global Banking							
2020	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000		
Net interest income and income from IBS operations:								
- External	6,947,974	4,191,030	245,232	268	1,164,890	(1,459,005)		11,090,389
- Inter-segment	-	-	(3,180)	2,024	95,511	(94,355)		-
	6,947,974	4,191,030	242,052	2,292	1,260,401	(1,553,360)		11,090,389
Net interest income	6,947,974	4,191,030	242,052	2,292	1,260,401	(1,553,360)		11,090,389
Income from IBS operations	3,315,495	1,578,693	74,882	-	-	1,166,512		6,135,582
Net earned insurance premiums	-	-	-	-	9,458,856	-		9,458,856
Other operating income/(loss)	2,650,453	2,977,525	1,211,179	141,586	821,931	(503,472)		7,299,202
Total operating income/(loss)	12,913,922	8,747,248	1,528,113	143,878	11,541,188	(890,320)		33,984,029
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(9,559,623)	338,820		(9,220,803)
Net operating income/(loss)	12,913,922	8,747,248	1,528,113	143,878	1,981,565	(551,500)		24,763,226
Overhead expenses	(7,260,028)	(1,900,132)	(1,010,557)	(110,163)	(964,297)	-		(11,245,177)
Operating profit/(loss) before impairment losses	5,653,894	6,847,116	517,556	33,715	1,017,268	(551,500)		13,518,049
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(1,986,793)	(2,604,030)	(1,566)	-	(6,192)	-		(4,598,581)
(Allowances for)/writeback of impairment losses on financial investments, net	(22)	(412,864)	255	-	(1,287)	-		(413,918)
Allowances for impairment losses on other financial assets, net	(62)	(31,575)	(12,364)	(4)	(13,736)	-		(57,741)
Operating profit/(loss)	3,667,017	3,798,647	503,881	33,711	996,053	(551,500)		8,447,809
Share of profits/(losses) in associates and joint ventures	-	209,305	(158)	-	-	-		209,147
<b>Profit/(loss) before taxation and zakat</b>	<b>3,667,017</b>	<b>4,007,952</b>	<b>503,723</b>	<b>33,711</b>	<b>996,053</b>	<b>(551,500)</b>		<b>8,656,956</b>
Taxation and zakat								(1,937,877)
<b>Profit after taxation and zakat</b>								<b>6,719,079</b>
Non-controlling interests								(237,860)
<b>Profit for the financial year attributable to equity holders of the Bank</b>								<b>6,481,219</b>
<b>Included in other operating income are:</b>								
Fee income:								
Commission	1,169,210	114,001	35,190	45,259	-	(100,640)		1,263,020
Service charges and fees	802,742	296,061	233,908	130,303	(1,855)	(112,121)		1,349,038
Underwriting fees	-	12,268	19,558	-	-	-		31,826
Brokerage income	-	-	493,009	-	-	-		493,009
Fees on loans, advances and financing	69,356	168,479	1,794	-	-	(2,625)		237,004
Fee income from IBS operations	326,415	100,129	55,159	-	-	(48,930)		432,773
<b>Included in overhead expenses are:</b>								
Depreciation of property, plant and equipment	(197,309)	(53,757)	(37,600)	(530)	(22,788)	-		(311,984)
Depreciation of right-of-use assets	(267,666)	(101,574)	(55,216)	(2,561)	(23,719)	-		(450,736)
Amortisation of intangible assets	(192,614)	(54,929)	(11,878)	(219)	(27,259)	-		(286,899)

## 62. SEGMENT INFORMATION (CONT'D.)

### (i) By business segments (cont'd.)

Group	Business Segments						Total RM'000
	Group Global Banking						
2019	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS operations:							
– External	7,441,383	4,313,893	258,952	(919)	1,259,549	(1,177,853)	12,095,005
– Inter-segment	–	–	150	1,919	27,281	(29,350)	–
	7,441,383	4,313,893	259,102	1,000	1,286,830	(1,207,203)	12,095,005
Net interest income	7,441,383	4,313,893	259,102	1,000	1,286,830	(1,207,203)	12,095,005
Income from IBS operations	3,309,089	1,281,411	71,377	–	–	1,317,700	5,979,577
Net earned insurance premiums	–	–	–	–	6,760,618	–	6,760,618
Other operating income/(loss)	3,041,799	2,746,026	813,936	124,346	1,559,305	(1,008,414)	7,276,998
Total operating income/(loss)	13,792,271	8,341,330	1,144,415	125,346	9,606,753	(897,917)	32,112,198
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	–	–	–	–	(7,683,572)	312,254	(7,371,318)
Net operating income/(loss)	13,792,271	8,341,330	1,144,415	125,346	1,923,181	(585,663)	24,740,880
Overhead expenses	(7,543,035)	(1,883,932)	(1,070,198)	(113,454)	(951,320)	–	(11,561,939)
Operating profit/(loss) before impairment losses	6,249,236	6,457,398	74,217	11,892	971,861	(585,663)	13,178,941
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	215,562	(2,491,757)	(7,940)	2	(3,357)	–	(2,287,490)
Writeback of/(allowances for) impairment losses on financial investments, net	716	2,372	17,317	(6)	1	–	20,400
(Allowances for)/writeback of impairment losses on other financial assets, net	(818)	(8,661)	(4,418)	4	(31,681)	(10,770)	(56,344)
Operating profit/(loss)	6,464,696	3,959,352	79,176	11,892	936,824	(596,433)	10,855,507
Share of profits in associates and joint ventures	–	156,900	1,473	–	–	–	158,373
<b>Profit/(loss) before taxation and zakat</b>	6,464,696	4,116,252	80,649	11,892	936,824	(596,433)	11,013,880
Taxation and zakat	–	–	–	–	–	–	(2,538,231)
<b>Profit after taxation and zakat</b>	–	–	–	–	–	–	8,475,649
Non-controlling interests	–	–	–	–	–	–	(277,575)
<b>Profit for the financial year attributable to equity holders of the Bank</b>	–	–	–	–	–	–	8,198,074
<b>Included in other operating income are:</b>							
Fee income:							
Commission	1,338,586	152,222	42,329	28,871	–	(119,291)	1,442,717
Service charges and fees	910,460	345,589	214,564	86,911	(4,749)	(156,704)	1,396,071
Underwriting fees	–	21,720	35,365	–	–	–	57,085
Brokerage income	–	–	309,037	–	–	–	309,037
Fees on loans, advances and financing	82,537	143,594	1,758	–	–	(2,186)	225,703
Fee income from IBS operations	331,370	130,694	57,035	–	–	(52,301)	466,798
<b>Included in overhead expenses are:</b>							
Depreciation of property, plant and equipment	(183,994)	(48,145)	(46,797)	(823)	(17,472)	–	(297,231)
Depreciation of right-of-use assets	(251,541)	(64,247)	(53,642)	(2,237)	(17,606)	–	(389,273)
Amortisation of intangible assets	(164,814)	(48,376)	(15,822)	(387)	(23,024)	–	(252,423)

## Notes to the Financial Statements

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### 62. SEGMENT INFORMATION (CONT'D.)

#### (ii) By geographical locations

The Group has operations in Malaysia, Singapore, Indonesia, the Philippines, Brunei Darussalam, People's Republic of China, Hong Kong SAR, Vietnam, United Kingdom, United States of America, Cambodia, Laos, Myanmar, Labuan Offshore and Thailand.

With the exception of Malaysia, Singapore and Indonesia, no other individual country contributed more than 10% of the consolidated operating revenue before operating expenses and of the total assets.

Operating revenue, net operating income, profit before taxation and zakat, and assets based on geographical locations of customers are as follows:

Income statement items For the financial year ended	Operating revenue RM'000	Net operating income RM'000	Profit before taxation and zakat RM'000
<b>31 December 2020</b>			
Malaysia	37,410,869	21,448,121	11,229,826
Singapore	10,472,201	4,256,069	579,687
Indonesia	4,376,644	2,735,102	666,206
Others	5,870,318	1,545,751	161,812
	<b>58,130,032</b>	<b>29,985,043</b>	<b>12,637,531</b>
Elimination*	(7,099,067)	(5,221,817)	(3,980,575)
<b>Group</b>	<b>51,030,965</b>	<b>24,763,226</b>	<b>8,656,956</b>
<b>31 December 2019</b>			
Malaysia	40,769,941	22,119,743	15,306,460
Singapore	9,246,118	4,628,039	76,503
Indonesia	5,326,365	2,995,554	661,736
Others	6,270,758	1,828,468	754,485
	<b>61,613,182</b>	<b>31,571,804</b>	<b>16,799,184</b>
Elimination*	(8,745,451)	(6,830,924)	(5,785,304)
<b>Group</b>	<b>52,867,731</b>	<b>24,740,880</b>	<b>11,013,880</b>

\* Inter-segment revenues are eliminated on consolidation.

The total non-current and current assets based on geographical locations are as follows:

Statement of financial position items:	Non-current assets <sup>1</sup>		Current assets <sup>2</sup>	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	9,327,742	10,026,298	563,867,090	542,851,120
Singapore	1,173,454	908,303	250,994,782	232,812,349
Indonesia	229,572	418,086	48,868,316	48,808,926
Others	355,145	346,557	83,779,476	86,066,654
	<b>11,085,913</b>	<b>11,699,244</b>	<b>947,509,664</b>	<b>910,539,049</b>
Elimination <sup>3</sup>	(43,561)	(57,304)	(101,692,502)	(87,767,974)
<b>Group</b>	<b>11,042,352</b>	<b>11,641,940</b>	<b>845,817,162</b>	<b>822,771,075</b>

<sup>1</sup> Non-current assets consist of investment properties, property, plant and equipment, right-of-use assets and intangible assets.

<sup>2</sup> Current assets are total assets excluding non-current assets as mentioned above.

<sup>3</sup> Inter-segment balances are eliminated on consolidation.



### 63. SIGNIFICANT AND SUBSEQUENT EVENTS

(i) The following are the significant events of the Group and of the Bank during the financial year ended 31 December 2020:

**(a) Issuance of Tier 2 Subordinated Sukuk Murabahah of RM3.0 billion in nominal value pursuant to Sukuk Programme of up to RM10.0 billion in nominal value**

On 9 October 2020, the Bank has completed the issuance of Tier 2 Subordinated Sukuk Murabahah ("Subordinated Sukuk Murabahah") of RM3.0 billion in nominal value pursuant to Sukuk Programme of up to RM10.0 billion in nominal value. Details of the issuance are as follows:

Maturity Date	Nominal Value	Description	Tenor
9 October 2030	RM2.3 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5)	10 years
8 October 2032	RM0.7 billion	Tier 2 Subordinated Sukuk Murabahah (12 non-call 7)	12 years

**(b) Redemption of Subordinated Notes of RM2.2 billion in nominal value pursuant to the RM20.0 billion Subordinated Note Programme**

On 19 October 2020, the Bank fully redeemed the RM2.2 billion Subordinated Notes. The RM2.2 billion Subordinated Notes were issued on 19 October 2015.

**(c) Redemption of Subordinated Notes of RM1.1 billion in nominal value pursuant to the RM20.0 billion Subordinated Note Programme**

On 27 October 2020, the Bank fully redeemed the RM1.1 billion Subordinated Notes. The RM1.1 billion Subordinated Notes were issued on 27 October 2015.

(ii) The following is the significant event of the Group and of the Bank subsequent to the financial year ended 31 December 2020:

**(a) Issuance of 172,632,753 new ordinary shares pursuant to the Dividend Reinvestment Plan ("DRP")**

On 15 January 2021, the Bank issued 172,632,753 new ordinary shares amounting to RM1,325,819,543 arising from the DRP relating to electable portion of the single-tier interim dividend of 13.5 sen in respect of the financial year ended 31 December 2020 which increased its share capital to RM49,606,174,678 from RM48,280,355,135 as at 31 December 2020.

The issued ordinary shares of the Bank as at 15 January 2021 is 11,413,994,640 units from 11,241,361,887 units as at 31 December 2020.

### 64. INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS

**(a) Income statement**

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating revenue	6,027,996	3,803,853	2,116,994	2,497,650	1,455,356	1,423,233	1,846,882	1,836,095	11,447,228	9,560,831
Interest income	496,801	495,439	448,186	482,604	72,285	79,175	245,876	246,293	1,263,148	1,303,511
Interest expense	-	-	-	-	-	-	(3,045)	(17,327)	(3,045)	(17,327)
Net interest income	496,801	495,439	448,186	482,604	72,285	79,175	242,831	228,966	1,260,103	1,286,184
Net earned insurance premiums	5,350,500	2,525,152	1,334,696	1,533,577	1,355,587	1,333,300	1,418,073	1,368,589	9,458,856	6,760,618
Other operating income	203,066	809,173	374,353	490,413	40,419	11,728	186,745	235,461	804,583	1,546,775
Total operating income	6,050,367	3,829,764	2,157,235	2,506,594	1,468,291	1,424,203	1,847,649	1,833,016	11,523,542	9,593,577
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(5,816,277)	(3,604,670)	(2,120,702)	(2,476,140)	(1,470,906)	(1,421,328)	(151,738)	(181,434)	(9,559,623)	(7,683,572)
Net operating income	234,090	225,094	36,533	30,454	(2,615)	2,875	1,695,911	1,651,582	1,963,919	1,910,005
Overhead expenses	(230,187)	(224,001)	(32,476)	(28,880)	(268)	(627)	(669,784)	(676,594)	(932,715)	(930,102)
Operating profit/(loss) before impairment losses	3,903	1,093	4,057	1,574	(2,883)	2,248	1,026,127	974,988	1,031,204	979,903
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(104)	174	-	143	2,689	1,701	(8,777)	(5,375)	(6,192)	(3,357)
(Allowances for)/writeback of impairment losses on financial investments, net	(1,174)	(291)	-	188	-	65	(113)	39	(1,287)	1
(Allowances for)/writeback of impairment losses on other financial assets, net	(2,625)	(976)	(4,057)	(1,905)	194	(4,014)	(7,248)	(24,786)	(13,736)	(31,681)
Profit before taxation and zakat	-	-	-	-	-	-	1,009,989	944,866	1,009,989	944,866
Taxation and zakat	-	-	-	-	-	-	(276,048)	(250,278)	(276,048)	(250,278)
Profit for the financial year	-	-	-	-	-	-	733,941	694,588	733,941	694,588

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## 64. INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

## (b) Statement of financial position

Group	Shareholders' and General Funds				Total RM'000
	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	General Funds RM'000	
<b>2020</b>					
<b>Assets</b>					
Cash and short-term funds	722,325	5,783	38,477	246,925	1,013,510
Deposits and placements with financial institutions	1,896,199	2,811,690	969,131	1,829,400	7,506,420
Financial assets designated upon initial recognition at fair value through profit or loss	6,719,541	5,910,702	20,424	1,166,021	13,816,688
Financial investments at fair value through profit or loss	4,860,250	540,374	28,190	358,364	5,787,178
Financial investments at fair value through other comprehensive income	4,054,891	3,059,659	1,227,357	3,960,583	12,302,490
Loans, advances and financing	261,372	–	–	63,629	325,001
Derivative assets	140,502	–	–	12,037	152,539
Reinsurance/retakaful assets and other insurance receivables	541,915	316,950	356,542	4,563,174	5,778,581
Other assets	82,112	27,314	4,400	505,466	619,292
Investment properties	796,250	–	–	138,840	935,090
Interest in associates	–	–	–	152	152
Property, plant and equipment	91,931	–	–	62,277	154,208
Right-of-use assets	86	–	–	23,255	23,341
Intangible assets	50,920	–	–	46,386	97,306
Deferred tax assets	3,438	3,746	4,572	29,542	41,298
<b>Total assets</b>	<b>20,221,732</b>	<b>12,676,218</b>	<b>2,649,093</b>	<b>13,006,051</b>	<b>48,553,094</b>
<b>Liabilities</b>					
Derivative liabilities	3,473	–	–	–	3,473
Insurance/takaful contract liabilities and other insurance payables	17,670,026	11,984,943	2,238,292	5,801,504	37,694,765
Other liabilities*	2,501,180	636,813	397,599	(571,150)	2,964,442
Provision for taxation and zakat	(32,868)	(938)	–	97,881	64,075
Deferred tax liabilities	79,921	55,400	13,202	338,858	487,381
<b>Total liabilities</b>	<b>20,221,732</b>	<b>12,676,218</b>	<b>2,649,093</b>	<b>5,667,093</b>	<b>41,214,136</b>
<b>Equity attributable to equity holders of the Subsidiaries</b>					
Share capital	–	–	–	660,865	660,865
Other reserves	–	–	–	6,678,093	6,678,093
	–	–	–	7,338,958	7,338,958
<b>Total liabilities and shareholders' equity</b>	<b>20,221,732</b>	<b>12,676,218</b>	<b>2,649,093</b>	<b>13,006,051</b>	<b>48,553,094</b>

\* Included in other liabilities are the amounts due to/(from) life, general and investment-linked funds which are unsecured, not subject to any interest elements and are repayable on demand.

64. INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

(b) Statement of financial position (cont'd.)

Group	Life Fund	Family Takaful Fund	General Takaful Fund	Shareholders' and General Funds	Total
2019	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>					
Cash and short-term funds	125,182	14,654	34,918	456,375	631,129
Deposits and placements with financial institutions	1,464,365	1,020,658	253,229	515,784	3,254,036
Financial assets designated upon initial recognition at fair value through profit or loss	6,407,316	6,404,318	25,704	1,317,121	14,154,459
Financial investments at fair value through profit or loss	3,703,634	480,219	21,542	362,903	4,568,298
Financial investments at fair value through other comprehensive income	1,917,511	3,796,314	1,723,489	4,086,067	11,523,381
Loans, advances and financing	242,940	-	-	49,193	292,133
Derivative assets	33,873	-	-	1,278	35,151
Reinsurance/retakaful assets and other insurance receivables	126,453	290,270	283,068	3,532,298	4,232,089
Other assets	36,297	20,702	3,897	340,400	401,296
Investment properties	778,810	-	-	137,580	916,390
Interest in associates	-	-	-	152	152
Property, plant and equipment	87,256	-	-	65,125	152,381
Right-of-use assets	-	-	-	32,680	32,680
Intangible assets	50,291	-	-	47,973	98,264
Deferred tax assets	2,963	4,429	6,247	21,654	35,293
<b>Total assets</b>	<b>14,976,891</b>	<b>12,031,564</b>	<b>2,352,094</b>	<b>10,966,583</b>	<b>40,327,132</b>
<b>Liabilities</b>					
Insurance/takaful contract liabilities and other insurance payables	12,688,980	11,583,400	2,004,782	4,608,468	30,885,630
Other liabilities*	2,281,910	396,244	332,653	(897,763)	2,113,044
Provision for taxation and zakat	(59,341)	(1,035)	-	98,652	38,276
Deferred tax liabilities	65,342	52,955	14,659	319,090	452,046
<b>Total liabilities</b>	<b>14,976,891</b>	<b>12,031,564</b>	<b>2,352,094</b>	<b>4,128,447</b>	<b>33,488,996</b>
<b>Equity attributable to equity holders of the Subsidiaries</b>					
Share capital	-	-	-	660,865	660,865
Other reserves	-	-	-	6,177,271	6,177,271
	-	-	-	6,838,136	6,838,136
<b>Total liabilities and shareholders' equity</b>	<b>14,976,891</b>	<b>12,031,564</b>	<b>2,352,094</b>	<b>10,966,583</b>	<b>40,327,132</b>

\* Included in other liabilities are the amounts due to/(from) life, general and investment-linked funds which are unsecured, not subject to any interest elements and are repayable on demand.

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”)

#### (a) Statement of financial position

Group	Note	2020 RM'000	2019 RM'000
<b>Assets</b>			
Cash and short-term funds	(f)	9,919,980	21,732,551
Financial assets purchased under resale agreements	(g)	3,625,611	–
Financial investments at fair value through profit or loss	(h)	–	383,194
Financial investments at fair value through other comprehensive income	(i)	18,453,139	15,292,520
Financial investments at amortised cost	(j)	16,381,007	9,671,676
Financing and advances	(k)	203,666,875	189,762,974
Derivative assets	(l)	385,303	200,414
Other assets	(m)	3,459,012	4,574,547
Statutory deposits with central banks	(n)	12,591	4,242,037
Property, plant and equipment	(o)	979	1,458
Right-of-use assets	(p)	9,901	12,966
<b>Total assets</b>		<b>255,914,398</b>	<b>245,874,337</b>
<b>Liabilities</b>			
Customers' funding:			
– Deposits from customers	(r)	165,268,243	161,039,137
– Investment accounts of customers <sup>1</sup>	(s)	23,840,796	20,737,670
Deposits and placements from financial institutions	(t)	38,770,852	38,827,556
Bills and acceptances payable		38,086	137,893
Derivative liabilities	(l)	656,302	221,674
Other liabilities	(u)	783,382	591,055
Deferred tax liabilities	(q)	449,812	83,002
Provision for taxation and zakat	(v)	21,256	37,370
Term funding	(w)	10,895,058	9,891,993
Subordinated sukuk	(x)	2,028,303	2,028,311
Capital securities	(y)	1,002,441	1,002,170
<b>Total liabilities</b>		<b>243,754,531</b>	<b>234,597,831</b>
<b>Islamic Banking Capital Funds</b>			
Islamic Banking Funds	(d)	7,934,444	7,202,398
Retained profits	(d)	2,983,827	2,887,335
Other reserves		1,241,596	1,186,773
		<b>12,159,867</b>	<b>11,276,506</b>
<b>Total liabilities and Islamic Banking Capital Funds</b>		<b>255,914,398</b>	<b>245,874,337</b>
<b>Commitments and contingencies</b>	(ai)	<b>76,524,814</b>	<b>63,976,328</b>

<sup>1</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

The accompanying notes form an integral part of the financial statements.

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (b) Income statement

Group	Note	2020 RM'000	2019 RM'000
Income derived from investment of depositors' funds	(z)	8,577,690	9,538,085
Income derived from investment of investment account funds	(aa)	1,008,062	1,051,729
Income derived from investment of Islamic Banking Funds	(ab)	468,227	500,831
(Allowances for)/writeback of impairment losses on financing and advances, net	(ac)	(929,159)	303,353
Allowances for impairment losses on financial investments, net	(ad)	(253,252)	(3,933)
(Allowances for)/writeback of impairment losses on other financial assets, net	(ae)	(1,452)	4
Total distributable income		8,870,116	11,390,069
Profit distributed to depositors	(af)	(4,610,219)	(5,557,993)
Profit distributed to investment account holders		(370,986)	(566,816)
Total net income		3,888,911	5,265,260
Finance cost		(482,323)	(416,622)
Overhead expenses	(ag)	(1,629,392)	(1,512,462)
<b>Profit before taxation and zakat</b>		1,777,196	3,336,176
Taxation	(ah)	(454,140)	(753,540)
Zakat		(14,673)	(31,455)
<b>Profit for the financial year</b>		1,308,383	2,551,181

For consolidation and amalgamation with the conventional banking operations, income from Islamic Banking Scheme as shown on the face of the consolidated income statement, comprises the following items:

Group	2020 RM'000	2019 RM'000
Income derived from investment of depositors' funds	8,577,690	9,538,085
Income derived from investment of investment account funds	1,008,062	1,051,729
Income derived from investment of Islamic Banking Funds	468,227	500,831
Total income before allowances for impairment losses on financial assets and overhead expenses	10,053,979	11,090,645
Profit distributed to depositors	(4,610,219)	(5,557,993)
Profit distributed to investment account holders	(370,986)	(566,816)
Finance cost	5,072,774	4,965,836
Net of intercompany income and expenses	(482,323)	(416,622)
	1,545,131	1,430,363
Income from Islamic Banking Scheme operations reported in the income statement of the Group	6,135,582	5,979,577

### (c) Statement of comprehensive income

Group	2020 RM'000	2019 RM'000
<b>Profit for the financial year</b>	1,308,383	2,551,181
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Defined benefit plan actuarial loss	-	(1,170)
Income tax effect	-	337
	-	(833)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net gain on foreign exchange translation	321	8,732
Net gain on financial investments at fair value through other comprehensive income	306,702	344,185
- Net gain from change in fair value	399,934	454,139
- Changes in expected credit losses	2,752	(960)
- Income tax effect	(95,984)	(108,994)
	307,023	352,917
Other comprehensive income for the financial year, net of tax	307,023	352,084
<b>Total comprehensive income for the financial year</b>	1,615,406	2,903,265

The accompanying notes form an integral part of the financial statements.

## Notes to the Financial Statements

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## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

## (d) Statement of changes in Islamic Banking Capital Funds

Group	Non-distributable						Distributable Retained Profits RM'000	Total RM'000
	Islamic Banking Funds RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity Contribution From the Holding Company RM'000			
<b>As at 31 December 2020</b>								
At 1 January 2020	7,202,398	846,497	338,320	259	1,697	2,887,335	11,276,506	
Profit for the financial year	-	-	-	-	-	1,308,383	1,308,383	
Other comprehensive income	-	-	306,702	321	-	-	307,023	
Net gain on foreign exchange translation	-	-	-	321	-	-	321	
Net gain on financial investments at fair value through other comprehensive income	-	-	306,702	-	-	-	306,702	
<b>Total comprehensive income for the financial year</b>	-	-	306,702	321	-	1,308,383	1,615,406	
Transfer (to)/from conventional banking operations	-	-	-	(177)	-	177	-	
Transfer from regulatory reserve	-	(252,023)	-	-	-	252,023	-	
Issue of ordinary shares	732,046	-	-	-	-	-	732,046	
Dividends paid	-	-	-	-	-	(1,464,091)	(1,464,091)	
<b>At 31 December 2020</b>	<b>7,934,444</b>	<b>594,474</b>	<b>645,022</b>	<b>403</b>	<b>1,697</b>	<b>2,983,827</b>	<b>12,159,867</b>	

Group	Non-distributable							Distributable Retained Profits RM'000	Total RM'000
	Islamic Banking Funds RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity Contribution From the Holding Company RM'000	Defined Benefit Reserve RM'000			
<b>As at 31 December 2019</b>									
At 1 January 2019	7,473,540	313,516	(5,865)	(473)	1,697	808	3,050,868	10,834,091	
Profit for the financial year	-	-	-	-	-	-	2,551,181	2,551,181	
Other comprehensive income/(loss)	-	-	344,185	8,732	-	(833)	-	352,084	
Defined benefit plan actuarial loss	-	-	-	-	-	(833)	-	(833)	
Net gain on foreign exchange translation	-	-	-	8,732	-	-	-	8,732	
Net gain on financial investments at fair value through other comprehensive income	-	-	344,185	-	-	-	-	344,185	
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	344,185	8,732	-	(833)	2,551,181	2,903,265	
Transfer from/(to) conventional banking operations	7,861	-	-	(8,000)	-	25	(3,646)	(3,760)	
Disposal of a subsidiary	(279,003)	-	-	-	-	-	102,777	(176,226)	
Transfer to regulatory reserve	-	532,981	-	-	-	-	(532,981)	-	
Dividends paid	-	-	-	-	-	-	(2,280,864)	(2,280,864)	
<b>At 31 December 2019</b>	<b>7,202,398</b>	<b>846,497</b>	<b>338,320</b>	<b>259</b>	<b>1,697</b>	<b>-</b>	<b>2,887,335</b>	<b>11,276,506</b>	

\* This equity contribution reserve from the holding company is pertaining to waiver of intercompany balances between respective subsidiaries and its holding company.

The accompanying notes form an integral part of the financial statements.

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (e) Statement of cash flows

Group	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	1,777,196	3,336,176
Adjustments for:		
Allowances for/(writeback of) impairment losses on financing and advances, net	1,019,481	(187,681)
Allowances for impairment losses on financial investments, net	253,252	3,933
Allowances for/(writeback of) impairment losses on other financial assets, net	1,452	(4)
Amortisation of premiums/(accretion of discounts), net	31,983	(24,622)
Modification loss on contractual cash flows arising from financial assets	240,920	-
Unrealised loss/(gain) of derivatives	15,203	(603)
Unrealised loss/(gain) of financial investments at fair value through profit or loss	674	(909)
Unrealised gain of financial liabilities at fair value through profit or loss	-	(701)
Net gain on disposal of financial investments at fair value through profit or loss	(9,184)	(8,658)
Net gain on disposal of financial investments through other comprehensive income	(101,270)	(74,112)
Gain on foreign exchange transactions	(97,843)	(69,498)
Depreciation of property, plant and equipment	505	164
Depreciation of right-of-use assets	3,129	2,145
Amortisation of computer software	-	444
ESGP expenses	2,066	1,239
Finance cost	482,323	416,622
Finance cost on lease liabilities	398	240
Operating profit before working capital changes	3,620,285	3,394,175
Change in financial assets purchased under resale agreements	(3,627,063)	-
Change in financing and advances	(15,156,087)	(15,286,186)
Change in derivative assets and liabilities	234,536	33,907
Change in other assets	1,115,855	252,902
Change in statutory deposits with central banks	4,229,446	(37,037)
Change in deposits from customers	4,229,106	13,257,386
Change in deposits and placements from financial institutions	41,051	6,705,985
Change in investment accounts of customers	3,103,126	(2,827,391)
Change in bills and acceptances payable	(99,807)	126,843
Change in financial investments portfolio	(9,267,740)	(4,730,780)
Change in financial liabilities at fair value through profit or loss	-	(384,986)
Change in other liabilities	192,593	(2,073,971)
Cash used in operations	(11,384,699)	(1,569,153)
Taxes and zakat paid	(214,102)	(785,367)
<b>Net cash used in operating activities</b>	<b>(11,598,801)</b>	<b>(2,354,520)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3)	(1,620)
Purchase of intangible asset	-	(447)
<b>Net cash used in investing activities</b>	<b>(3)</b>	<b>(2,067)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,464,091)	(2,280,864)
Dividends paid for subordinated sukuk	(91,759)	(104,250)
Dividends paid for term funding	(453,790)	(365,048)
Dividends paid for capital securities	(49,364)	(49,771)
Proceeds from issuance of ordinary shares	732,046	-
Redemption of subordinated sukuk	-	(500,000)
Drawdown of term funding	1,115,919	5,250,000
Funds transferred to holding company	-	(3,761)
Repayment of lease liability	(2,728)	(2,497)
<b>Net cash (used in)/generated from financing activities</b>	<b>(213,767)</b>	<b>1,943,809</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(11,812,571)</b>	<b>(412,778)</b>
Cash and cash equivalents at 1 January	21,732,551	22,145,329
<b>Cash and cash equivalents at 31 December</b>	<b>9,919,980</b>	<b>21,732,551</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short-term funds	9,919,980	21,732,551

The accompanying notes form an integral part of the financial statements.

## Notes to the Financial Statements

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (f) Cash and short-term funds

Group	Note	2020 RM'000	2019 RM'000
Cash, bank balances and deposits with financial institutions		29,507	29,314
Money at call		9,890,473	21,703,237
		9,919,980	21,732,551
Allowances for impairment losses	(i)	–	–
		9,919,980	21,732,551

(i) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on cash and short-term funds are as follows:

#### As at 31 December 2019

Changes in the cash and short-term funds that contributed to changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to the following:

- The overall gross carrying amount for cash and short-term funds decreased as a result of derecognition of financial assets which correspondingly decreased the ECL allowances.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2019	8	–	–	8
Net remeasurement of allowances	(4)	–	–	(4)
Exchange differences	(4)	–	–	(4)
At 31 December 2019	–	–	–	–

#### (g) Financial assets purchased under resale agreements

Group	Note	2020 RM'000	2019 RM'000
Malaysian Government Investment Issues		3,627,063	–
		3,627,063	–
Allowances for impairment losses	(i)	(1,452)	–
		3,625,611	–

(i) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial assets purchased under resale agreements are as follows:

#### As at 31 December 2020

Changes in the financial assets purchased under resale agreement that contributed to changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- The overall increase in the gross carrying amount for financial assets purchased under resale agreements was mainly contributed by new financial assets purchased which correspondingly increased the ECL allowances.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2020	–	–	–	–
New financial assets originated or purchased	1,452	–	–	1,452
At 31 December 2020	1,452	–	–	1,452



## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

### (h) Financial investments at fair value through profit or loss

Group	2020 RM'000	2019 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	–	383,194
<b>Total financial investments at FVTPL</b>	<b>–</b>	<b>383,194</b>

### (i) Financial investments at fair value through other comprehensive income

Group	2020 RM'000	2019 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Investment Issues	13,473,916	11,743,868
Negotiable instruments of deposits	–	1,198,172
Khazanah Sukuk	29,032	–
	<b>13,502,948</b>	<b>12,942,040</b>
<b>Unquoted securities:</b>		
<b>In Malaysia:</b>		
Corporate Sukuk	4,147,084	2,289,237
Government Sukuk	41,892	43,374
Equity	1,250	1,250
	<b>4,190,226</b>	<b>2,333,861</b>
<b>Outside Malaysia:</b>		
Corporate Sukuk	759,965	16,619
<b>Total financial investments at FVOCI</b>	<b>18,453,139</b>	<b>15,292,520</b>

(i) Included in the financial investments at fair value through other comprehensive income are the Malaysian Government Investment Issues which has been recognised as part of Statutory Reserve Account (“SRA”) balance amounting to RM5.0 million for the Group (2019: nil).

(ii) The maturity profile of money market instruments are as follows:

	2020 RM'000	2019 RM'000
Within one year	158,839	3,377,071
One year to three years	5,251,253	1,061,642
Three years to five years	1,538,523	2,908,623
After five years	6,554,333	5,594,704
	<b>13,502,948</b>	<b>12,942,040</b>

## Notes to the Financial Statements

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (i) Financial investments at fair value through other comprehensive income (cont’d.)

- (iii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows:

##### As at 31 December 2020

Changes in the financial investments at fair value through other comprehensive income that contributed to the changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- The overall increase in the gross carrying amount of financial investments at FVOCI was mainly contributed by Corporate Sukuk due to new financial assets purchased. The increase in the gross carrying amount resulted in corresponding increase in ECL allowances measured on a 12-month basis.

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2020	1,866	–	–	1,866
Transferred to Stage 2	(279)	279	–	–
Net remeasurement of allowances	246	272	–	518
New financial assets originated or purchased	2,261	–	–	2,261
Financial assets derecognised	(1,142)	–	–	(1,142)
Changes in models/risk parameters	(34)	–	–	(34)
Exchange differences	(106)	–	–	(106)
At 31 December 2020	2,812	551	–	3,363

##### As at 31 December 2019

Changes in the financial investments at fair value through other comprehensive income that contributed to the changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to the following:

- The overall increase in the gross carrying amount of financial investments at FVOCI was mainly contributed by Negotiable Islamic Instruments of Deposits, due to new financial assets purchased. The increase in the gross carrying amount resulted in corresponding increase in ECL allowance measured on a 12-month basis.

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2019	484	44	–	528
Transferred to Stage 1	44	(44)	–	–
Net remeasurement of allowances	119	–	–	119
New financial assets originated or purchased	1,503	–	–	1,503
Financial assets derecognised	(197)	–	–	(197)
Changes in models/risk parameters	(87)	–	–	(87)
At 31 December 2019	1,866	–	–	1,866

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (j) Financial investments at amortised cost

Group	Note	2020 RM'000	2019 RM'000
<b>At amortised cost</b>			
<b>Money market instruments:</b>			
Malaysian Government Investment Issues		4,588,339	1,843,057
Khazanah Sukuk		932,288	–
		<b>5,520,627</b>	1,843,057
<b>Unquoted securities:</b>			
<b>In Malaysia:</b>			
Corporate Sukuk		11,130,024	7,846,614
		<b>11,130,024</b>	7,846,614
Allowances for impairment losses	(iv)	(269,644)	(17,995)
<b>Total financial investments at amortised cost</b>		<b>16,381,007</b>	9,671,676

- (i) As at 31 December 2020, the exposure of the financial investments at amortised cost funded by RPSIA was RM2,884.2 million (2019: RM2,206.7 million).
- (ii) Included in financial investments at amortised cost are the Malaysian Government Investment Issues which has been recognised as part of Statutory Reserve Account ("SRA") balance amounting to RM2,845.0 million for the Group (2019: nil).
- (iii) The maturity profile of money market instruments are as follows:

	2020 RM'000	2019 RM'000
Within one year	129,399	–
One year to three years	1,072,518	–
Three years to five years	618,567	–
After five years	3,700,143	1,843,057
	<b>5,520,627</b>	1,843,057

- (iv) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at amortised cost are as follows:

#### As at 31 December 2020

Changes in the financial investments at amortised cost that contributed to the changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- The increase in the gross carrying amount of financial investments at amortised cost was contributed by Corporate Sukuk, due to new financial assets purchased which correspondingly increased the ECL allowances.
- The increase in the ECL for Stage 2 was due to deterioration in credit risk which correspondingly increase the net remeasurement of allowances.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2020	17,995	–	–	17,995
Transferred to Stage 2	(1,879)	1,879	–	–
Net remeasurement of allowances	16,628	229,386	–	246,014
New financial assets originated or purchased	9,257	–	–	9,257
Financial assets derecognised	(3,695)	–	–	(3,695)
Changes in models/risk parameters	73	–	–	73
At 31 December 2020	<b>38,379</b>	<b>231,265</b>	–	<b>269,644</b>

## Notes to the Financial Statements

31 December 2020

### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (j) Financial investments at amortised cost (cont’d.)

- (iv) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at amortised cost are as follows (cont’d.):

##### As at 31 December 2019

Changes in the financial investments at amortised cost that contributed to the changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to the following:

- The increase in the gross carrying amount of financial investments at amortised cost was largely contributed by Corporate Sukuk, due to new financial assets purchased which correspondingly increased the ECL allowances. This is mitigated by the decrease in the ECL allowances mainly due to improvement in credit risk.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2019	6,349	9,354	–	15,703
Transferred to Stage 1	9,354	(9,354)	–	–
Net remeasurement of allowances	(12,129)	–	–	(12,129)
New financial assets originated or purchased	15,500	–	–	15,500
Financial assets derecognised	(311)	–	–	(311)
Changes in models/risk parameters	(465)	–	–	(465)
Exchange differences	(303)	–	–	(303)
At 31 December 2019	17,995	–	–	17,995

#### (k) Financing and advances

Group	2020 RM'000	2019 RM'000
Financing and advances:		
(A) Financing and advances at fair value through other comprehensive income	2,741,267	440,383
(B) Financing and advances at amortised cost	289,662,732	280,650,934
	292,403,999	281,091,317
Unearned income	(85,698,158)	(89,087,920)
Gross financing and advances	206,705,841	192,003,397
Allowances for financing and advances:		
– Stage 1 – 12-month ECL	(574,213)	(371,029)
– Stage 2 – Lifetime ECL not credit impaired	(1,209,931)	(616,576)
– Stage 3 – Lifetime ECL credit impaired	(1,254,822)	(1,252,818)
Net financing and advances	203,666,875	189,762,974

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (k) Financing and advances (cont'd.)

Group	Bai <sup>1</sup> RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al-Bai ("AITAB") <sup>2</sup> RM'000	Ijarah <sup>3</sup> RM'000	Others RM'000	Total Financing and Advances RM'000
<b>2020</b>							
Cashline	-	6,354,760	-	-	-	-	6,354,760
Term financing							
- Housing financing	13,846,268	77,006,822	1,877,969	-	-	609	92,731,668
- Syndicated financing	-	7,106,556	-	-	-	-	7,106,556
- Hire purchase receivables	-	9,635,007	-	35,204,145	-	-	44,839,152
- Lease receivables	-	-	-	-	303,050	-	303,050
- Other term financing	10,653,246	106,866,849	610,568	-	-	18,364	118,149,027
Bills receivables	-	-	-	-	-	50	50
Trust receipts	-	106,257	-	-	-	-	106,257
Claims on customers under acceptance credits	-	4,723,695	-	-	-	-	4,723,695
Staff financing	390,857	2,110,096	8,384	179,242	-	33,633	2,722,212
Credit card receivables	-	-	-	-	-	1,263,404	1,263,404
Revolving credit	-	14,068,861	-	-	-	-	14,068,861
Share margin financing	-	29,008	-	-	-	-	29,008
Financing to:							
- Directors of the Bank	-	3,361	-	-	-	8	3,369
- Directors of subsidiaries	-	2,542	-	340	-	48	2,930
	24,890,371	228,013,814	2,496,921	35,383,727	303,050	1,316,116	292,403,999
Unearned income							(85,698,158)
Gross financing and advances <sup>4</sup>							206,705,841
Allowances for financing and advances:							
- Stage 1 - 12-month ECL							(574,213)
- Stage 2 - Lifetime ECL not credit impaired							(1,209,931)
- Stage 3 - Lifetime ECL credit impaired							(1,254,822)
Net financing and advances							203,666,875
<b>2019</b>							
Cashline	-	6,780,832	-	-	-	-	6,780,832
Term financing							
- Housing financing	14,680,463	70,986,581	1,975,592	-	-	616	87,643,252
- Syndicated financing	-	7,000,329	-	-	-	-	7,000,329
- Hire purchase receivables	-	4,195,944	-	36,895,190	-	-	41,091,134
- Lease receivables	-	-	-	-	195,334	-	195,334
- Other term financing	13,743,113	99,842,852	692,965	-	-	17,846	114,296,776
Trust receipts	-	140,437	-	-	-	-	140,437
Claims on customers under acceptance credits	-	5,275,548	-	-	-	-	5,275,548
Staff financing	445,245	1,889,985	8,753	175,080	636	42,796	2,562,495
Credit card receivables	-	-	-	-	-	1,269,625	1,269,625
Revolving credit	-	14,808,884	-	-	-	-	14,808,884
Share margin financing	-	19,594	-	-	-	-	19,594
Financing to:							
- Directors of the Bank	-	6,318	-	299	-	138	6,755
- Directors of subsidiaries	-	322	-	-	-	-	322
	28,868,821	210,947,626	2,677,310	37,070,569	195,970	1,331,021	281,091,317
Unearned income							(89,087,920)
Gross financing and advances <sup>4</sup>							192,003,397
Allowances for financing and advances:							
- Stage 1 - 12-month ECL							(371,029)
- Stage 2 - Lifetime ECL not credit impaired							(616,576)
- Stage 3 - Lifetime ECL credit impaired							(1,252,818)
Net financing and advances							189,762,974

<sup>1</sup> Bai' comprises Bai' Bithaman Ajil, Bai' Al-Inah and Bai' Al-Dayn.

<sup>2</sup> The Group is the owner of the asset. The ownership of an asset will be transferred to the customer via sale at the end of the Ijarah financing.

<sup>3</sup> The Group is the owner of the asset. The ownership of an asset will be transferred to the customer at the end of the Ijarah financing subject to the customer's execution of the purchase option.

<sup>4</sup> Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA") and Investment Accounts of customers ("IA").

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (k) Financing and advances (cont’d.)

(i) Financing and advances analysed by type of customers are as follows:

Group	2020 RM'000	2019 RM'000
Domestic non-banking institutions	4,385,735	4,193,842
Domestic business enterprises		
– Small and medium enterprises	26,319,703	22,997,908
– Others	30,637,837	32,936,985
Government and statutory bodies	16,144,388	14,253,189
Individuals	127,787,608	116,114,222
Other domestic entities	33,265	25,025
Foreign entities	1,397,305	1,482,226
Gross financing and advances	206,705,841	192,003,397

(ii) Financing and advances analysed by profit rate sensitivity are as follows:

Group	2020 RM'000	2019 RM'000
Fixed rate		
– House financing	1,506,079	1,279,574
– Hire purchase receivables	31,474,156	32,344,163
– Other financing	33,281,314	23,203,040
	66,261,549	56,826,777
Floating rate		
– House financing	53,987,854	46,955,607
– Other financing	86,456,438	88,221,013
	140,444,292	135,176,620
Gross financing and advances	206,705,841	192,003,397

(iii) Financing and advances analysed by economic purpose are as follows:

Group	2020 RM'000	2019 RM'000
Purchase of securities	24,118,381	24,573,547
Purchase of transport vehicles	40,840,421	36,351,827
Purchase of landed properties		
– Residential	54,518,350	47,209,422
– Non-residential	14,667,103	13,313,594
Purchase of fixed assets	148,492	101,103
Personal use	4,784,845	3,995,650
Consumer durables	346	226
Construction	2,542,260	3,005,311
Working capital	63,783,960	62,136,060
Credit/charge cards	1,301,683	1,316,657
Gross financing and advances	206,705,841	192,003,397

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (k) Financing and advances (cont'd.)

(iv) The maturity profile of financing and advances are as follows:

Group	2020 RM'000	2019 RM'000
Within one year	33,131,625	33,800,893
One year to three years	8,896,910	7,675,303
Three years to five years	15,229,505	15,454,866
After five years	149,447,801	135,072,335
Gross financing and advances	206,705,841	192,003,397

(v) Movements in the impaired financing and advances ("impaired financing") are as follows:

Group	2020 RM'000	2019 RM'000
At 1 January	3,115,266	2,450,984
Newly impaired	584,878	996,099
Reclassified as non-impaired	(485,955)	(118,390)
Amount recovered	(437,564)	(92,496)
Amount written off	(317,043)	(359,705)
Amount related to Restricted Investment Account	(7,176)	238,774
Gross impaired financing at 31 December	2,452,406	3,115,266
Less: Stage 3 – Lifetime ECL credit impaired	(1,254,822)	(1,252,818)
Net impaired financing at 31 December	1,197,584	1,862,448
<u>Calculation of ratio of net impaired financing (excluding financing funded by RPSIA and IA):</u>		
Gross impaired financing at 31 December	1,776,012	2,395,279
Less: Stage 3 – Lifetime ECL credit impaired	(1,254,822)	(1,252,818)
Net impaired financing at 31 December	521,190	1,142,461
Gross financing and advances	156,381,322	153,974,211
Less: Allowances for impaired financing and advances at amortised cost and FVOCI	(3,043,122)	(2,243,324)
Net financing and advances	153,338,200	151,730,887
Net impaired financing as a percentage of net financing and advances	0.34%	0.75%

(vi) Impaired financing and advances by economic purpose are as follows:

Group	2020 RM'000	2019 RM'000
Purchase of securities	76,253	3,230
Purchase of transport vehicles	174,184	185,196
Purchase of landed properties		
– Residential	381,806	307,530
– Non-residential	178,437	191,711
Purchase of fixed assets (exclude landed properties)	889	995
Personal use	49,336	53,901
Consumer durables	2	3
Construction	50,111	256,497
Working capital	1,536,493	2,107,753
Credit/charge cards	4,895	8,450
Impaired financing and advances	2,452,406	3,115,266

## Notes to the Financial Statements

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (k) Financing and advances (cont’d.)

(vii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financing and advances are as follows:

##### As at 31 December 2020

Changes in the gross carrying amount of financing and advances carried at fair value through other comprehensive income and amortised cost for the Group that contributed to the changes in the loss allowances during the financial year ended 31 December 2020 were mainly due to the following:

- The high volume of hire purchase receivables, house financing and other term financing originated, increased the gross carrying amount by 9%, 6% and 3% respectively which correspondingly increased the ECL allowances.
- However, there was a reduction in cashline and revolving credits by 6% and 5% respectively which resulted in a decrease in ECL allowances.
- Consistent with industry guidance, the Group has introduced a number of support measures for customers impacted by COVID-19, including the deferral of payments for retail and non-retail customers for an initial period of up to six months. This has resulted in day-one modification loss to contractual cash flows recognised by the Group amounting to RM689.1 million.
- Given the disruptive impact of the COVID-19 pandemic, the ECL for Stage 1 (12-month ECL) and Stage 2 (lifetime ECL not credit impaired) increased primarily due to forward-looking provision.
- The gross carrying amount of financing and advances that was written off during the financial year, which is still subject to recovery activity was RM317.0 million (2019: RM359.7 million). This has resulted in the reduction of Stage 3 lifetime ECL credit impaired by the same amount.

##### At fair value through other comprehensive income

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2020	523	2,378	–	2,901
New financial assets originated or purchased	1,036	–	–	1,036
Changes in models/risk parameters	103	116	–	219
At 31 December 2020	1,662	2,494	–	4,156

##### At amortised cost

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2020	371,029	616,576	1,252,818	2,240,423
Transferred to Stage 1	192,492	(180,987)	(11,505)	–
Transferred to Stage 2	(24,260)	216,014	(191,754)	–
Transferred to Stage 3	(5,653)	(133,942)	139,595	–
Net remeasurement of allowances	89,882	615,209	436,543	1,141,634
New financial assets originated or purchased	111,779	105,132	–	216,911
Financial assets derecognised	(53,808)	(78,272)	(163,013)	(295,093)
Changes in models/risk parameters	(110,039)	40,745	–	(69,294)
Amount related to Restricted Investment Accounts*	3,084	11,681	122,297	137,062
Amount written off	–	–	(317,043)	(317,043)
Exchange differences	(293)	(2,225)	(13,116)	(15,634)
At 31 December 2020	574,213	1,209,931	1,254,822	3,038,966



## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (k) Financing and advances (cont'd.)

(vii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financing and advances are as follows (cont'd.):

#### As at 31 December 2019

Changes in the gross carrying amount of the financing and advances carried at fair value through other comprehensive income and amortised cost for the Group that contributed to the changes in the loss allowances during the financial year ended 31 December 2019 were mainly due to the following:

- The high volume of syndicated financing, hire purchase receivables and housing financing originated, increased the gross carrying amount by more than 100% for syndicated financing while hire purchase receivables and housing financing are 8% and 4% respectively which correspondingly increased the ECL allowances measured at 12-month basis.
- There was a reduction in revolving credits and other term financing by 6% and 4% respectively which resulted in a decrease in ECL allowances.
- In December 2019, the Group has disposed all financing under PT Bank Maybank Syariah Indonesia amounting to RM1.5 million.
- The write-off of financing with a total carrying amount of RM359.7 million resulted in the reduction of Stage 3 lifetime ECL credit impaired by the same amount.

#### At fair value through other comprehensive income

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2019	1,399	3,800	-	5,199
Changes in models/risk parameters	(876)	(1,422)	-	(2,298)
At 31 December 2019	523	2,378	-	2,901

#### At amortised cost

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2019	510,311	984,565	1,055,811	2,550,687
Transferred to Stage 1	210,983	(201,830)	(9,153)	-
Transferred to Stage 2	(26,947)	94,232	(67,285)	-
Transferred to Stage 3	(1,866)	(86,803)	88,669	-
Net remeasurement of allowances	(210,195)	34,631	517,854	342,290
New financial assets originated or purchased	128,082	119,126	-	247,208
Financial assets derecognised	(59,155)	(168,531)	(205,786)	(433,472)
Changes in models/risk parameters	(197,209)	(163,389)	1,683	(358,915)
Amount related to Restricted Investment Accounts*	17,221	5,530	238,801	261,552
Amount written off	-	-	(359,705)	(359,705)
Exchange differences	(196)	(955)	(8,071)	(9,222)
At 31 December 2019	371,029	616,576	1,252,818	2,240,423

\* As at 31 December 2020 the gross exposure of the financing funded by RPSIA was RM26,483.7 million (31 December 2019: RM17,291.5 million). The expected credit losses relating to these financing amounting to RM446.6 million (31 December 2019: RM263.7 million) are reflected as a reduction in both financing and advances and deposits and placements of banks and other financial institutions as disclosed in Note 65(t).

The gross exposure of the financing funded by IA as at 31 December 2020 was RM23,840.8 million (2019: RM20,737.7 million).

## Notes to the Financial Statements

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (l) Derivative financial instruments

The table below shows the fair value of derivative financial instruments recorded as assets or liabilities, together with their principal amounts. The principal amount, recorded gross, is the amount of the derivative’s underlying asset, reference rate or index and is the basis upon which change in the value of derivatives are measured. The principal amounts indicate the volume of transactions outstanding at the financial year end and are indicative of neither the market risk nor the credit risk.

The Group enters into derivative financial instruments at the request and on behalf of its customers as well as to hedge the Group’s own exposures and not for speculative purpose.

Group	2020			2019		
	Principal amount RM’000	Fair Values		Principal amount RM’000	Fair Values	
		Assets RM’000	Liabilities RM’000		Assets RM’000	Liabilities RM’000
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts</u>						
Currency forward:						
– Less than one year	7,302,204	16,665	(215,360)	5,676,819	14,924	(92,608)
– One year to three years	881,114	8,609	(8,609)	806,712	3,254	(3,254)
– More than three years	2,498,574	30,465	(30,465)	2,195,804	5,786	(5,786)
Currency swaps:						
– Less than one year	15,836,028	180,934	(260,507)	9,668,773	72,024	(26,213)
Currency spots:						
– Less than one year	426,413	11,262	(865)	199,992	78	(329)
Currency options:						
– Less than one year	1,161	10	(10)	730	1	(1)
Cross currency profit rate swaps:						
– Less than one year	–	–	–	636,033	35,350	(35,180)
– One year to three years	2,092,853	31,242	(31,242)	2,094,722	7,652	(7,652)
– More than three years	415,320	2,135	(2,135)	48,050	139	(139)
	<b>29,453,667</b>	<b>281,322</b>	<b>(549,193)</b>	<b>21,327,635</b>	<b>139,208</b>	<b>(171,162)</b>
<u>Profit rate related contracts</u>						
Profit rate swaps:						
– Less than one year	80,340	456	(452)	100,000	77	(77)
– One year to three years	1,490,000	35,702	(35,702)	571,880	4,394	(4,386)
– More than three years	2,145,654	67,823	(70,955)	3,351,901	56,735	(46,049)
	<b>3,715,994</b>	<b>103,981</b>	<b>(107,109)</b>	<b>4,023,781</b>	<b>61,206</b>	<b>(50,512)</b>
Total	<b>33,169,661</b>	<b>385,303</b>	<b>(656,302)</b>	<b>25,351,416</b>	<b>200,414</b>	<b>(221,674)</b>

#### (m) Other assets

Group	2020 RM’000	2019 RM’000
Amount due from holding company	1,785,952	3,109,765
Prepayment and deposits	21,796	279,790
Tax recoverable	319,391	128,133
Other debtors	1,331,873	1,056,859
	<b>3,459,012</b>	<b>4,574,547</b>

#### (n) Statutory deposits with central banks

The non-profit bearing statutory deposit maintained with BNM is in compliance with the requirement of the Central Bank of Malaysia Act, 2009, the amount of which is determined as set percentages of total eligible liabilities.

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (o) Property, plant and equipment

Group	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Motor Vehicles RM'000	Total RM'000
<b>As at 31 December 2020</b>				
<b>Cost</b>				
At 1 January 2020	1,081	139	399	1,619
Additions	3	-	-	3
Exchange differences	12	-	3	15
At 31 December 2020	1,096	139	402	1,637
<b>Accumulated depreciation</b>				
At 1 January 2020	120	7	34	161
Depreciation charge for the financial year (Note 65(ag))	392	30	83	505
Exchange differences	(6)	(1)	(1)	(8)
At 31 December 2020	506	36	116	658
<b>Net carrying amount</b>				
At 31 December 2020	590	103	286	979
<b>As at 31 December 2019</b>				
<b>Cost</b>				
At 1 January 2019	2,832	2,309	496	5,637
Additions	1,083	139	398	1,620
Disposal of a subsidiary	(2,923)	(2,382)	(511)	(5,816)
Exchange differences	89	73	16	178
At 31 December 2019	1,081	139	399	1,619
<b>Accumulated depreciation</b>				
At 1 January 2019	2,832	2,309	496	5,637
Depreciation charge for the financial year (Note 65(ag))	123	7	34	164
Disposal of a subsidiary	(2,923)	(2,382)	(511)	(5,816)
Exchange differences	88	73	15	176
At 31 December 2019	120	7	34	161
<b>Net carrying amount</b>				
At 31 December 2019	961	132	365	1,458

## Notes to the Financial Statements

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## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

## (p) Right-of-use assets

Group	Premises	
	2020 RM'000	2019 RM'000
<b>Cost</b>		
At 1 January		
– effect of adopting MFRS 16	–	6,694
At 1 January, as restated	15,096	6,694
Additions	–	5,106
Termination	–	3,296
Exchange differences	52	–
At 31 December	15,148	15,096
<b>Accumulated depreciation</b>		
At 1 January	2,130	–
Depreciation charge for the financial year (Note 65(ag))	3,129	2,145
Exchange differences	(12)	(15)
At 31 December	5,247	2,130
<b>Net carrying amount</b>		
At 31 December	9,901	12,966

## (q) Deferred tax

Group	2020 RM'000	2019 RM'000
At 1 January	83,002	(30,143)
Recognised in income statement, net (Note 65(ah))	270,826	(1,915)
Recognised in statement of comprehensive income, net	95,984	108,657
Disposal of a subsidiary	–	6,173
Exchange differences	–	230
At 31 December	449,812	83,002

Presented after appropriate offsetting as follows:

Group	2020 RM'000	2019 RM'000
Deferred tax assets	(180,238)	(22,350)
Deferred tax liabilities	630,050	105,352
At 31 December	449,812	83,002

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 income taxes relate to the same fiscal authority.

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

### (q) Deferred tax (cont’d.)

The component and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

#### Deferred tax assets of the Group:

Group	Impairment losses on financing, financial investments and other financial assets RM'000	FVOCI reserve RM'000	Other temporary differences RM'000	Total RM'000
<b>As at 31 December 2020</b>				
At 1 January 2020	(18,487)	–	(3,863)	(22,350)
Recognised in income statement	(157,199)	–	(689)	(157,888)
At 31 December 2020	(175,686)	–	(4,552)	(180,238)
<b>As at 31 December 2019</b>				
At 1 January 2019	(22,123)	(3,659)	(4,361)	(30,143)
Recognised in income statement	(2,778)	–	846	(1,932)
Recognised in statement of comprehensive income	–	–	(337)	(337)
Disposal of a subsidiary	6,184	–	(11)	6,173
Transferred to deferred tax liabilities	–	3,659	–	3,659
Exchange differences	230	–	–	230
At 31 December 2019	(18,487)	–	(3,863)	(22,350)

#### Deferred tax liabilities of the Group:

Group	FVOCI reserve RM'000	Unabsorbed capital allowances RM'000	Profit on financing moratorium RM'000	Other temporary differences RM'000	Total RM'000
<b>As at 31 December 2020</b>					
At 1 January 2020	105,335	17	–	–	105,352
Recognised in income statement	–	4	428,546	164	428,714
Recognised in statement of comprehensive income	95,984	–	–	–	95,984
At 31 December 2020	201,319	21	428,546	164	630,050
<b>As at 31 December 2019</b>					
At 1 January 2019	–	–	–	–	–
Recognised in income statement	–	17	–	–	17
Recognised in statement of comprehensive income	108,994	–	–	–	108,994
Transferred from deferred tax assets	(3,659)	–	–	–	(3,659)
At 31 December 2019	105,335	17	–	–	105,352

## Notes to the Financial Statements

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (q) Deferred tax (cont’d.)

Deferred tax assets have not been recognised in respect of the following items:

	2020 RM’000	2019 RM’000
Unutilised tax losses	158,974	60,781

The Group has not recognised deferred tax assets in respect of unused tax losses from International Currency Business Unit (“ICBU”) as it is not probable that future taxable profits will be available against which they can utilised.

#### (r) Deposits from customers

Group	2020 RM’000	2019 RM’000
<b>Savings deposits</b>		
Qard	23,708,048	17,504,325
<b>Demand deposits</b>		
Qard	26,703,462	19,704,595
<b>Term deposits</b>		
Murabahah	114,498,944	123,236,922
Qard	357,789	593,295
	<b>114,856,733</b>	123,830,217
Total deposits from customers	<b>165,268,243</b>	161,039,137

(i) The maturity profile of term deposits are as follows:

Group	2020 RM’000	2019 RM’000
Within six months	93,537,277	106,002,510
Six months to one year	11,127,134	17,720,477
One year to three years	10,167,779	89,690
Three years to five years	24,543	17,540
	<b>114,856,733</b>	123,830,217

(ii) The deposits are sourced from the following types of customers:

Group	2020 RM’000	2019 RM’000
Business enterprises	55,608,359	58,847,091
Individuals	45,188,774	39,051,336
Government and statutory bodies	32,798,930	30,521,401
Others	31,672,180	32,619,309
	<b>165,268,243</b>	161,039,137

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (s) Investment accounts of customers

Group	2020 RM'000	2019 RM'000
<b>Mudharabah</b>		
Unrestricted investment accounts	23,840,796	20,616,075
Restricted investment accounts*	-	121,595
	<b>23,840,796</b>	<b>20,737,670</b>

\* Net of expected credit losses associated with the financing assets funded by the Restricted investment accounts.

#### (i) Movements in the investment accounts of customers are as follows:

Group	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>2020</b>			
<u>Funding inflows/(outflows)</u>			
At 1 January 2020	20,616,075	121,595	20,737,670
New placement during the financial year	48,131,364	-	48,131,364
Redemption during the financial year	(44,901,140)	(121,576)	(45,022,716)
Profit payable	(5,503)	(19)	(5,522)
At 31 December 2020	<b>23,840,796</b>	<b>-</b>	<b>23,840,796</b>
<b>2019</b>			
<u>Funding inflows/(outflows)</u>			
At 1 January 2019	23,445,562	119,499	23,565,061
New placement during the financial year	34,447,512	2,129	34,449,641
Redemption during the financial year	(37,270,721)	-	(37,270,721)
Profit payable	(6,278)	(33)	(6,311)
At 31 December 2019	20,616,075	121,595	20,737,670

#### (ii) Investment accounts are sourced from the following type of customers:

Group	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>2020</b>			
Business enterprises	13,328,580	-	13,328,580
Individuals	9,200,552	-	9,200,552
Government and statutory bodies	112,309	-	112,309
Others	1,199,355	-	1,199,355
	<b>23,840,796</b>	<b>-</b>	<b>23,840,796</b>
<b>2019</b>			
Business enterprises	10,538,830	121,595	10,660,425
Individuals	8,922,749	-	8,922,749
Government and statutory bodies	95,817	-	95,817
Others	1,058,679	-	1,058,679
	20,616,075	121,595	20,737,670

## Notes to the Financial Statements

31 December 2020

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

## (s) Investment accounts of customers (cont'd.)

(iii) The maturity profile of investment accounts are as follows:

Group	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>2020</b>			
– Without maturity	18,243,257	–	18,243,257
– With maturity			
Within six months	4,241,279	–	4,241,279
Six months to one year	1,342,789	–	1,342,789
One year to three years	9,158	–	9,158
Three years to five years	4,313	–	4,313
	5,597,539	–	5,597,539
	23,840,796	–	23,840,796
<b>2019</b>			
– Without maturity	13,387,845	–	13,387,845
– With maturity			
Within six months	5,577,342	121,595	5,698,937
Six months to one year	1,633,073	–	1,633,073
One year to three years	15,045	–	15,045
Three years to five years	2,770	–	2,770
	7,228,230	121,595	7,349,825
	20,616,075	121,595	20,737,670

(iv) The allocation of investments asset are as follows:

Group	Unrestricted investment accounts RM'000	Restricted investment accounts RM'000	Total investment accounts RM'000
<b>2020</b>			
Retail financing	22,550,499	–	22,550,499
Non-retail financing	1,290,297	–	1,290,297
	23,840,796	–	23,840,796
<b>2019</b>			
Retail financing	18,855,165	–	18,855,165
Non-retail financing	1,760,910	121,595	1,882,505
	20,616,075	121,595	20,737,670



## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

### (s) Investment accounts of customers (cont’d.)

(v) Profit sharing ratio and rate of return are as follows:

Group	Investment account holder (“IAH”)	
	Average profit sharing ratio %	Average rate of return %
<b>2020</b>		
Unrestricted investment accounts	36.53	1.64
Restricted investment accounts	99.95	4.03
<b>2019</b>		
Unrestricted investment accounts	51.62	2.61
Restricted investment accounts	99.95	4.19

### (t) Deposits and placements from financial institutions

Group	2020 RM’000	2019 RM’000
<b>Mudharabah Fund</b>		
Licensed banks*	28,997,440	19,307,946
	<b>28,997,440</b>	19,307,946
<b>Non-Mudharabah Fund</b>		
Licensed banks	7,662,450	16,381,929
Licensed Islamic banks	549,213	1,125,849
Licensed investment banks	49,721	199,691
Other financial institutions	1,512,028	1,812,141
	<b>9,773,412</b>	19,519,610
	<b>38,770,852</b>	38,827,556

\* Included in the deposits and placements from licensed banks is the Restricted Profit Sharing Investment Account (“RPSIA”) placed by the Group’s conventional operations amounting to RM28,997.4 million (2019: RM19,307.9 million). These placements are used to fund certain specific financing and advances and purchase of financial investments at amortised cost instruments. The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the investor solely provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne by the Group’s conventional operations as the investor.

### (u) Other liabilities

Group	Note	2020 RM’000	2019 RM’000
Due to holding company		463,922	420,793
Other creditors, provisions and accruals		224,144	129,615
Provisions for commitments and contingencies		47,918	–
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	36,341	26,682
Lease liabilities	(ii)	9,896	12,228
Structured deposits		1,161	1,737
		<b>783,382</b>	591,055

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

#### (u) Other liabilities (cont'd.)

(i) Movements in the allowances for impairment losses on financing commitments and financial guarantee contracts are as follows:

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
<b>As at 31 December 2020</b>				
At 1 January 2020	20,003	4,541	2,138	26,682
Transferred to Stage 1	337	(327)	(10)	–
Transferred to Stage 2	(6,163)	6,163	–	–
Transferred to Stage 3	–	(73)	73	–
Net remeasurement of allowances	689	355	(1,772)	(728)
New credit exposures originated or purchased	14,393	2,260	–	16,653
Credit exposures derecognised	(2,851)	(3,294)	(46)	(6,191)
Changes in models/risk parameters	1	(16)	–	(15)
Exchange differences	(43)	(17)	–	(60)
At 31 December 2020	26,366	9,592	383	36,341
<b>As at 31 December 2019</b>				
At 1 January 2019	24,192	6,474	276	30,942
Transferred to Stage 1	130	(130)	–	–
Transferred to Stage 2	(302)	751	(449)	–
Transferred to Stage 3	–	(6)	6	–
Net remeasurement of allowances	(5,339)	(1,583)	2,579	(4,343)
New credit exposures originated or purchased	3,519	2,690	–	6,209
Credit exposures derecognised	(2,191)	(4,095)	(274)	(6,560)
Changes in models/risk parameters	4	455	–	459
Exchange differences	(10)	(15)	–	(25)
At 31 December 2019	20,003	4,541	2,138	26,682

(ii) The movement in lease liabilities are as follows:

Group	2020 RM'000	2019 RM'000
At 1 January		
– as previously stated	12,228	–
– effect of adopting MFRS 16	–	5,583
At 1 January, as restated	12,228	5,583
New lease contracts	–	8,902
Finance cost on lease liabilities	398	240
Lease obligation reduction	(2,728)	(2,497)
Exchange differences	(2)	–
At 31 December	9,896	12,228

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

### (v) Provision for taxation and zakat

Group	2020 RM'000	2019 RM'000
Taxation	5,458	5,306
Zakat	15,798	32,064
	21,256	37,370

### (w) Term funding

Group	2020 RM'000	2019 RM'000
Unsecured term funding:		
(i) Commercial Papers		
– Less than one year	7,945,896	7,888,771
(ii) Medium Term Notes		
– More than one year	2,003,222	2,003,222
(iii) Term funding		
– More than one year <sup>1</sup>	945,940	–
Total term funding	10,895,058	9,891,993

<sup>1</sup> Term funding relates to amounts received by the Group under government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME financing at a below market rate with a six-year maturity to be repaid on 17 June 2026. The financing under the government scheme is for financing at concession rates to SMEs and for COVID-19 related relief measures. The benefits under the government financing scheme that are recognised in the profit or loss are as disclosed in Note 2.5(iii) of the financial statements.

The unsecured term fundings are denominated in Ringgit Malaysia (“RM”).

The following are the changes in the term funding which include the commercial papers/medium term notes/sukuk issued/redeemed by the Group during the financial year ended 31 December 2020:

#### (1) Issuance of Islamic Commercial Papers (“ICP”) by Maybank Islamic Berhad

The aggregate nominal value of the commercial papers issued by Maybank Islamic Berhad and outstanding as at 31 December 2020 are as follows:

Currency	Description	Aggregated Nominal Value (RM' million)
RM	Zero Profit ICP	8,000.0

### (x) Subordinated sukuk

Group	Note	2020 RM'000	2019 RM'000
RM1,000 million Islamic subordinated Sukuk Murabahah due in 2026	(i)	1,017,454	1,017,708
RM1,000 million Islamic subordinated Sukuk Murabahah due in 2029	(ii)	1,010,849	1,010,603
		2,028,303	2,028,311

Details of the issued subordinated sukuk are as follows:

Note	Description/nominal value	Issue date	First call date	Maturity date	Profit rate (% p.a.)	Nominal value
<b>Maybank Islamic Berhad</b>						
<b>RM10.0 billion Subordinated Sukuk Murabahah Programme</b>						
(i)	Subordinated Sukuk Murabahah <sup>1</sup>	15-Feb-16	15-Feb-21	13-Feb-26	4.65	RM1,000.0 million
(ii)	Subordinated Sukuk Murabahah <sup>1</sup>	5-Apr-19	5-Apr-24	5-Apr-29	4.50	RM1,000.0 million

<sup>1</sup> The subsidiary may, subject to the prior consent of BNM, redeem these subordinated sukuk, in whole or in part, on the first call date and on each semi-annual profit payment date thereafter.

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## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

## (y) Capital securities

Description	Issue date	First call date	Maturity date	2020 RM'000	2019 RM'000
<b>Maybank Islamic Berhad</b>					
<b>RM10.0 billion Additional Tier 1 Sukuk Wakalah Programme</b>					
RM1,000.0 million 4.95% Additional Tier 1 Sukuk Wakalah <sup>1</sup>	14-Dec-17	14-Dec-22	Perpetual	1,002,441	1,002,170

<sup>1</sup> The subsidiary, may redeem these capital securities, in whole or in part, on the first call date and on every Periodic Distribution Date thereafter.

## (z) Income derived from investment of depositors' funds

Group	2020 RM'000	2019 RM'000
Income from investment of:		
(i) General investment deposits	5,961,250	7,334,262
(ii) Other deposits	2,616,440	2,203,823
	8,577,690	9,538,085

## (i) Income derived from investment of general investment deposits:

Group	2020 RM'000	2019 RM'000
<b>Finance income and hibah:</b>		
Financing and advances <sup>1</sup>	4,568,090	5,804,548
Financial assets purchased under resale agreements	3,821	–
Financial investments at FVOCI	410,070	373,320
Financial investments at amortised cost	398,368	315,222
Financial investments at FVTPL	2,756	10,382
Money at call and deposits and placements with financial institutions	220,898	395,819
	5,604,003	6,899,291
(Amortisation of premiums)/accretion of discounts, net	(21,210)	18,123
Total finance income and hibah	5,582,793	6,917,414
<b>Other operating income:</b>		
Fee income	250,131	301,377
Gain on disposal of financial investments at FVTPL	5,855	5,537
Gain on disposal of financial investments at FVOCI	67,158	54,550
Unrealised (loss)/gain on revaluation of:		
– Financial investments at FVTPL	(447)	669
– Financial liabilities at FVTPL	–	516
– Derivatives	(10,082)	444
Foreign exchange gain, net	64,871	50,800
Net profit on derivatives	971	2,955
Total other operating income	378,457	416,848
	5,961,250	7,334,262

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

### (z) Income derived from investment of depositors’ funds (cont’d.)

(ii) Income derived from investment of other deposits:

Group	2020 RM’000	2019 RM’000
<b>Finance income and hibah:</b>		
Financing and advances <sup>1</sup>	2,004,970	1,744,170
Financial assets purchased under resale agreements	1,677	–
Financial investments at FVOCI	179,983	112,177
Financial investments at amortised cost	174,847	94,719
Financial investments at FVTPL	1,210	3,120
Money at call and deposits and placements with financial institutions	96,954	118,937
	2,459,641	2,073,123
(Amortisation of premiums)/accretion of discounts, net	(9,309)	5,446
Total finance income and hibah	2,450,332	2,078,569
<b>Other operating income:</b>		
Fee income	109,785	90,558
Gain on disposal of financial investments at FVTPL	2,570	1,664
Gain on disposal of financial investments at FVOCI	29,476	16,391
Unrealised (loss)/gain on revaluation of:		
– Financial investments at FVTPL	(196)	201
– Financial liabilities at FVTPL	–	155
– Derivatives	(4,425)	133
Foreign exchange gain, net	28,472	15,264
Net profit on derivatives	426	888
Total other operating income	166,108	125,254
	2,616,440	2,203,823

### (aa) Income derived from investment of investment account funds

Group	2020 RM’000	2019 RM’000
<b>Finance income and hibah:</b>		
Financing and advances <sup>1</sup>	1,007,631	1,051,371
<b>Other operating income:</b>		
Fee income	431	358
	1,008,062	1,051,729

## Notes to the Financial Statements

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## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

## (ab) Income derived from investment of Islamic Banking Funds

Group	2020 RM'000	2019 RM'000
<b>Finance income and hibah:</b>		
Financing and advances <sup>1</sup>	316,514	339,353
Financial assets purchased under resale agreements	264	–
Financial investments at FVOCI	28,310	21,699
Financial investments at amortised cost	27,502	29,802
Financial investments at FVTPL	190	603
Money at call and deposits and placements with financial institutions	15,250	25,487
	<b>388,030</b>	416,944
(Amortisation of premiums)/accretion of discounts, net	(1,464)	1,053
Total finance income and hibah	<b>386,566</b>	417,997
<b>Other operating income:</b>		
Fee income	72,426	74,505
Gain on disposal of financial investments at FVTPL	759	1,457
Gain on disposal of financial investments at FVOCI	4,636	3,171
Unrealised (loss)/gain on revaluation of:		
– Financial investments at FVTPL	(31)	39
– Financial liabilities at FVTPL	–	30
– Derivatives	(696)	26
Foreign exchange gain, net	4,500	3,434
Net profit on derivatives	67	172
Total other operating income	<b>81,661</b>	82,834
	<b>468,227</b>	500,831

<sup>1</sup> Included the net effects under government support measures to assist customers adversely impacted by COVID-19 amounting to RM240,920,000 for the Group.

## (ac) Allowances for/(writeback of) impairment losses on financing and advances, net

Group	2020 RM'000	2019 RM'000
Stage 1 – 12-month ECL, net	51,185	(343,360)
Stage 2 – Lifetime ECL not credit impaired, net	682,235	(182,118)
Stage 3 – Lifetime ECL credit impaired, net	271,712	316,056
Bad debts and financing:		
– Written-off	13,934	21,940
– Recovered	(90,322)	(115,672)
Allowances for/(writeback of) impairment losses on other debts	415	(199)
	<b>929,159</b>	(303,353)

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (ad) Allowances for impairment losses on financial investments, net

Group	2020 RM'000	2019 RM'000
<b>Financial investments at fair value through other comprehensive income</b>		
Stage 1 – 12-month ECL, net	1,331	1,338
Stage 2 – Lifetime ECL not credit impaired, net	272	–
	<b>1,603</b>	1,338
<b>Financial investments at amortised cost</b>		
Stage 1 – 12-month ECL, net	22,263	2,595
Stage 2 – Lifetime ECL not credit impaired, net	229,386	–
	<b>251,649</b>	2,595
	<b>253,252</b>	3,933

### (ae) Allowances for/(writeback of) impairment losses on other financial assets, net

Group	2020 RM'000	2019 RM'000
<b>Cash and short-term funds</b>		
Stage 1 – 12-month ECL, net	–	(4)
<b>Financial assets purchased under resale agreements</b>		
Stage 1 – 12-month ECL, net	1,452	–
	<b>1,452</b>	(4)

### (af) Profit distributed to depositors

Group	2020 RM'000	2019 RM'000
Deposits from customers:		
– Non-Mudharabah Fund	3,500,141	4,408,518
Deposits and placements from financial institutions:		
– Mudharabah Fund	922,947	686,556
– Non-Mudharabah Fund	186,975	458,611
Financial liabilities at fair value through profit or loss	–	4,298
Structured deposits	156	10
	<b>4,610,219</b>	5,557,993

## Notes to the Financial Statements

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (ag) Overhead expenses

Group	2020 RM'000	2019 RM'000
Personnel expenses:		
– Salaries and wages	35,770	37,465
– Social security cost	171	162
– Pension cost – defined contribution plan	5,710	5,175
– ESGP expenses	2,066	1,239
– Other staff related expenses	6,046	7,974
	<b>49,763</b>	52,015
Establishment costs:		
– Depreciation of property, plant and equipment (Note 65(o))	505	164
– Depreciation of right-of-use assets (Note 65(p))	3,129	2,145
– Amortisation of computer software	–	444
– Information technology expenses	4,947	3,419
– Finance cost on lease liabilities	398	240
– Others	19	5,283
	<b>8,998</b>	11,695
Marketing expenses:		
– Advertisement and publicity	12,442	13,773
– Others	184	2,633
	<b>12,626</b>	16,406
Administration and general expenses:		
– Fees and brokerage	63,381	62,093
– Administrative expenses	7,243	8,202
– General expenses	65,785	18,484
	<b>136,409</b>	88,779
Shared service cost paid/payable to Maybank and related company	1,421,596	1,343,567
Total	<b>1,629,392</b>	1,512,462
Included in overhead expenses are:		
Shariah Committee members’ fee and remuneration	907	966
Expenses of short-term leases	–	715

#### (ah) Taxation

Group	2020 RM'000	2019 RM'000
Tax expense for the financial year:		
Malaysian income tax	205,844	797,956
Foreign income tax	27	75
Over provision in respect of prior years:		
Malaysian income tax	(22,557)	(42,576)
	<b>183,314</b>	755,455
Deferred tax (Note 65(q)):		
Relating to origination and reversal of temporary differences	270,826	(1,915)
	<b>454,140</b>	753,540



## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

### (ai) Commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group as at each reporting date are as follows:

Group	2020			2019		
	Full Commitment RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000	Full Commitment RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000
<b>Contingent liabilities</b>						
Direct credit substitutes	2,832,337	2,786,746	2,258,338	1,881,752	1,842,448	1,409,369
Certain transaction-related contingent items	2,533,185	1,246,136	778,165	3,381,084	1,669,027	1,166,710
Short-term self-liquidating trade-related contingencies	162,041	34,164	15,170	252,361	50,472	21,087
	<b>5,527,563</b>	<b>4,067,046</b>	<b>3,051,673</b>	5,515,197	3,561,947	2,597,166
<b>Commitments</b>						
Irrevocable commitments to extend credit:						
– Maturity within one year	27,288,508	1,388,834	261,485	23,199,822	872,079	135,683
– Maturity exceeding one year	10,452,802	17,979,661	7,763,819	9,856,695	11,998,105	4,523,695
	<b>37,741,310</b>	<b>19,368,495</b>	<b>8,025,304</b>	33,056,517	12,870,184	4,659,378
Miscellaneous commitments and contingencies	86,280	–	–	53,198	–	–
Total credit-related commitments and contingencies	<b>43,355,153</b>	<b>23,435,541</b>	<b>11,076,977</b>	38,624,912	16,432,131	7,256,544
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
– Less than one year	23,565,806	152,805	58,958	16,182,347	218,387	131,094
– One year to less than five years	3,571,063	158,246	123,372	3,258,181	44,984	22,946
– Five years and above	2,316,798	185,877	145,433	1,887,107	102,275	53,482
	<b>29,453,667</b>	<b>496,928</b>	<b>327,763</b>	21,327,635	365,646	207,522
Profit rate related contracts:						
– Less than one year	80,340	80	24	100,000	127	53
– One year to less than five years	3,335,654	146,381	119,953	3,563,781	68,230	95,954
– Five years and above	300,000	34,064	15,797	360,000	–	–
	<b>3,715,994</b>	<b>180,525</b>	<b>135,774</b>	4,023,781	68,357	96,007
Total treasury-related commitments and contingencies	<b>33,169,661</b>	<b>677,453</b>	<b>463,537</b>	25,351,416	434,003	303,529
Total commitments and contingencies	<b>76,524,814</b>	<b>24,112,994</b>	<b>11,540,514</b>	63,976,328	16,866,134	7,560,073

\* The credit equivalent amount and risk-weighted amount are derived at using the credit conversion factors and risk-weights respectively as specified by BNM.

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (aj) Capital adequacy

The capital adequacy ratios of the Group are as follows:

Group	2020	2019
CET1 Capital Ratio	14.017%	14.360%
Tier 1 Capital Ratio	15.270%	15.762%
Total Capital Ratio	18.292%	19.088%

Components of capital:

Group	2020 RM'000	2019 RM'000
<b>CET1 Capital</b>		
Share capital/Islamic Banking Fund	7,934,444	7,202,398
Retained profits	2,983,827	2,887,335
Other reserves	1,234,077	1,186,773
CET1 Capital before regulatory adjustments	12,152,348	11,276,506
Less: Regulatory adjustment applied in CET1 Capital	(960,375)	(1,033,520)
<b>Total CET1 Capital</b>	<b>11,191,973</b>	<b>10,242,986</b>
<b>Additional Tier 1 Capital</b>		
Capital securities	1,000,000	1,000,000
<b>Total Tier 1 Capital</b>	<b>12,191,973</b>	<b>11,242,986</b>
<b>Tier 2 Capital</b>		
Subordinated sukuk	2,000,000	2,000,000
General provisions <sup>1</sup>	11,523	17,675
Surplus of eligible provision over expected loss	401,538	354,063
<b>Total Tier 2 Capital</b>	<b>2,413,061</b>	<b>2,371,738</b>
<b>Total Capital</b>	<b>14,605,034</b>	<b>13,614,724</b>

<sup>1</sup> Refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

The breakdown of RWA by each major risk categories are as follows:

Group	2020 RM'000	2019 RM'000
Standardised Approach exposure	3,139,202	3,202,198
Internal Ratings-Based Approach exposure after scaling factor	80,460,704	69,483,314
Total RWA for credit risk	83,599,906	72,685,512
Total RWA for credit risk absorbed by Maybank and IAH*	(13,537,755)	(10,472,880)
Total RWA for market risk	1,177,966	963,783
Total RWA for operational risk	8,604,026	8,151,505
<b>Total RWA</b>	<b>79,844,143</b>	<b>71,327,920</b>

\* In accordance to the BNM Investment Account policy, the credit risk weighted assets funded by investment accounts (Unrestricted Investment Account and Restricted Investment Account) are excluded from the calculation of capital adequacy ratio of the Bank.

## 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

### (ak) Fair values of financial assets and financial liabilities

The estimated fair values of financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the following financial assets and liabilities:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>2020</b>					
<b>Financial assets</b>					
Financial investments at amortised cost	–	9,475,581	7,193,979	16,669,560	16,381,007
Financing and advances	–	22,401,614	193,581,948	215,983,562	203,666,875
<b>Financial liabilities</b>					
Customers' funding:					
– Deposits from customers	–	165,268,315	–	165,268,315	165,268,243
– Investment accounts of customers <sup>^</sup>	–	23,840,946	–	23,840,946	23,840,796
Deposits and placements from financial institutions	–	38,765,419	–	38,765,419	38,770,852
Term funding	–	10,961,418	–	10,961,418	10,895,058
Subordinated sukuk	–	2,084,743	–	2,084,743	2,028,303
Capital securities	–	1,032,741	–	1,032,741	1,002,441
<b>2019</b>					
<b>Financial assets</b>					
Financial investments at amortised cost	–	3,130,034	6,623,593	9,753,627	9,671,676
Financing and advances	–	15,040,498	186,541,367	201,581,865	189,762,974
<b>Financial liabilities</b>					
Customers' funding:					
– Deposits from customers	–	160,938,044	–	160,938,044	161,039,137
– Investment accounts of customers <sup>^</sup>	–	20,738,073	–	20,738,073	20,737,670
Deposits and placements from financial institutions	–	38,792,077	–	38,792,077	38,827,556
Term funding	–	9,920,743	–	9,920,743	9,891,993
Subordinated sukuk	–	2,150,739	–	2,150,739	2,028,311
Capital securities	–	1,018,218	–	1,018,218	1,002,170

<sup>^</sup> Investment accounts of customers are used to fund financing and advances as disclosed in Note 65(k)(vii).

The methods and assumptions used to estimate the fair values of the financial assets and financial liabilities of IBS operations are as disclosed in Note 56.

### (al) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to the “Framework of Rate of Return” issued by BNM in October 2001 and has been updated on 13 March 2013. The objective is to set the minimum standard and terms of reference for the Islamic banking institutions in calculating and deriving the rate of return for the depositors.

### (am) Shariah disclosures

#### (i) Shariah Committee and governance

The operations of Islamic businesses of the Group is governed by Sections 28 and 29 of the Islamic Financial Services Act 2013 (“IFSA”), which stipulates, that any licensed institution shall at all times ensure that its aims and operations, business, affairs and activities are in compliance with Shariah, and, in accordance with the advice or rulings of Shariah Advisory Council (“SAC”), specifies standards on Shariah matters in respect of the carrying on of its business, affair or activity. Meanwhile, BNM's Shariah Governance Policy Document (BNM/RH/PD 028-100) relates to, among other things, Shariah Committee's objectivity to reinforce sound decision-making process and robustness of internal control functions for effective management of Shariah non-compliance risks.

Based on the above, the duties and responsibilities of the Shariah Committee (“SC”) are to advise on the overall operations of the Group's Islamic business in order to ensure compliance with the Shariah requirements.

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### 65. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

#### (am) Shariah disclosures (cont’d.)

##### (i) Shariah Committee and governance (cont’d.)

The roles and responsibilities of Shariah Committee in monitoring the Group’s activities include, but not limited to the following:

- To provide a decision or advice to the financial institution on the application of any rulings of the SAC or standards on Shariah matters to its operations, business, affairs and activities;
- To provide a decision or advice on matters which require a reference to be made to the SAC;
- To provide a decision or advice on the operations, business, affairs and activities of the financial institution which may trigger a Shariah non-compliance event;
- To deliberate and affirm a Shariah non-compliance finding by any relevant functions; and
- To endorse a rectification measure to address a Shariah non-compliance event.

The Shariah Committee at the Group level has five members.

Any transaction suspected as Shariah non-compliant will be escalated to the SC for deliberation and decision whether any Shariah requirements have been breached. Shariah Risk Management will track on the incident and rectification status, and ensure timely reporting to the SC, Board and BNM. For any Shariah non-compliant transactions, the related income will be purified by channeling the amount to an approved charitable organisation.

##### (ii) Shariah non-compliant events

The nature of transactions deliberated at the Shariah Committee for Shariah non-compliant as at each reporting date are as follows:

Group	No. of events	RM’000
<b>2020</b>		
Financing of prohibited activity	1	28
Finance charges/monthly profit amount exceeded the selling price	1	- <sup>1</sup>
Financing of Shariah non-compliant investment	1	11
	<b>3</b>	<b>39</b>
<b>2019</b>		
Ujrah fee charged on terminated/cancelled credit card	1	Nil
Conventional will writing fee capitalised in the Islamic home financing facility	1	- <sup>2</sup>
	<b>2</b>	<b>-</b>

Apart from the purification of income from Shariah non-compliant events, Maybank Islamic Berhad has implemented several rectification measures relating to systems, processes and procedures to enhance control mechanisms and minimise recurrence of Shariah non-compliant incidents.

The following rectification action plans have been implemented:

Nature of events	Measures undertaken	Status
Financing of prohibited activity	Enhanced Shariah Screening tool and staff awareness	Completed
Finance charges/monthly profit amount exceeded the selling price	Refund of overcharged amount and system enhancement to cap the finance charges within the selling price	Completed
Financing of Shariah non-compliant investment	Enhanced existing Islamic Initial Public Offering process flow	Completed

##### (iii) Sources and uses of charity funds

Group	2020 RM’000	2019 RM’000
<b>Sources of charity funds</b>		
Shariah non-compliance/prohibited income	39	- <sup>2</sup>
<b>Total sources of charity funds during the financial year</b>	<b>39</b>	<b>-<sup>2</sup></b>
<b>Uses of charity funds</b>		
Contribution to non-profit organisation	39	- <sup>2</sup>
<b>Total uses of charity funds during the financial year</b>	<b>39</b>	<b>-<sup>2</sup></b>
<b>Undistributed charity funds as at 31 December</b>	<b>-</b>	<b>-</b>

##### (iv) Recognition and measurement by main class of Shariah contracts

The recognition and measurement of each main class of Shariah contracts are dependent on the nature of the products, either financing or deposit product. The accounting policies for each of these products are disclosed in their respective policies.

<sup>1</sup> Denotes RM40.47

<sup>2</sup> Denotes RM36.72

## 66. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES

(a) Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Share Capital		Effective Interest held by the Group		Effective Interest held by the Non-Controlling Interest		Total	
			2020 RM	2019 RM	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
<b>Banking</b>										
Maybank Islamic Berhad	Islamic banking	Malaysia	7,929,443,460	7,197,397,860	100.00	100.00	-	-	100.00	100.00
Maybank International (L) Ltd.	Offshore banking	Malaysia	3,500,000 <sup>2</sup>	3,500,000 <sup>2</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Philippines, Incorporated <sup>10</sup>	Banking	Philippines	10,545,500,338 <sup>3</sup>	10,545,500,338 <sup>3</sup>	99.98	99.98	0.02	0.02	100.00	100.00
PT Bank Maybank Indonesia Tbk <sup>10</sup>	Banking	Indonesia	10,213,284,063,018 <sup>1</sup>	10,213,284,063,018 <sup>1</sup>	98.53 <sup>4</sup>	98.53 <sup>4</sup>	1.47	1.47	100.00	100.00
Maybank (Cambodia) Plc. <sup>10</sup>	Banking	Cambodia	75,000,000 <sup>2</sup>	75,000,000 <sup>2</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Singapore Limited <sup>10</sup>	Banking	Singapore	2,000,000,100 <sup>4</sup>	2,400,000,100 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
<b>Finance</b>										
Myfin Berhad	Ceased operations	Malaysia	847,500,000	847,500,000	100.00	100.00	-	-	100.00	100.00
Maybank Alliances Sdn. Bhd.	Investment holding	Malaysia	204,070,181	204,070,181	100.00	100.00	-	-	100.00	100.00
PT Maybank Indonesia Finance <sup>10</sup>	Multi-financing	Indonesia	32,370,000,000 <sup>1</sup>	32,370,000,000 <sup>1</sup>	98.54 <sup>4</sup>	98.54 <sup>4</sup>	1.46	1.46	100.00	100.00
PT Wahana Ottomitra Multiartha Tbk <sup>10</sup>	Multi-financing	Indonesia	508,338,022,174 <sup>1</sup>	508,338,022,174 <sup>1</sup>	67.55 <sup>4</sup>	67.55 <sup>4</sup>	32.45	32.45	100.00	100.00
Kim Eng Finance (Singapore) Pte. Ltd. <sup>10</sup>	Money lending	Singapore	100,000 <sup>4</sup>	100,000 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
<b>Insurance</b>										
Maybank Ageas Holdings Berhad	Investment holding	Malaysia	660,866,223	660,866,223	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa Life International (L) Ltd.	Offshore investment-linked business	Malaysia	3,500,000 <sup>2</sup>	3,500,000 <sup>2</sup>	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa General Insurance Berhad	General insurance business	Malaysia	229,878,927	229,878,927	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa Family Takaful Berhad	Family takaful and investment-linked businesses	Malaysia	100,000,000	100,000,000	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa Offshore Insurance (L) Ltd.	Bureau services	Malaysia	215,500 <sup>2</sup>	215,500 <sup>2</sup>	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa International Holdings Sdn. Bhd.	Investment holding	Malaysia	485,310,828	485,310,828	100.00	100.00	-	-	100.00	100.00
Etiqa Life and General Assurance Philippines, Inc. <sup>10</sup>	General insurance and life insurance businesses	Philippines	1,206,511,152 <sup>3</sup>	1,206,511,152 <sup>3</sup>	95.24	95.24	4.76	4.76	100.00	100.00
Etiqa Insurance Pte. Ltd. <sup>10</sup>	General insurance and life insurance businesses	Singapore	168,000,000 <sup>4</sup>	118,000,000 <sup>4</sup>	69.05	69.05	30.95	30.95	100.00	100.00
PT Asuransi Etiqa Internasional Indonesia <sup>10</sup>	General insurance business	Indonesia	267,429,068,000 <sup>1</sup>	265,500,000,000 <sup>1</sup>	79.87	80.00	20.13	20.00	100.00	100.00
Etiqa Life Insurance Berhad	Life insurance and investment-linked businesses	Malaysia	100,000,000	100,000,000	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa General Takaful Berhad	General takaful business	Malaysia	870,000,000	870,000,000	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa General Insurance (Cambodia) Plc. <sup>10</sup>	General insurance business	Cambodia	9,000,000 <sup>2</sup>	9,000,000 <sup>2</sup>	100.00	100.00	-	-	100.00	100.00
Etiqa Life Insurance (Cambodia) Plc. <sup>10</sup>	Life insurance and investment-linked businesses	Cambodia	9,000,000 <sup>2</sup>	9,000,000 <sup>2</sup>	100.00	100.00	-	-	100.00	100.00
<b>Investment Banking</b>										
Maybank Investment Bank Berhad	Investment banking	Malaysia	222,785,000	222,785,000	100.00	100.00	-	-	100.00	100.00
Maysec Sdn. Bhd.	Investment holding	Malaysia	162,000,000	162,000,000	100.00	100.00	-	-	100.00	100.00
PhileoAllied Securities (Philippines) Inc. <sup>10</sup>	Under member's voluntary liquidation	Philippines	21,875,000 <sup>3</sup>	21,875,000 <sup>3</sup>	100.00	100.00	-	-	100.00	100.00
BinaFikir Sdn. Bhd.	Business/Economic consultancy and advisory	Malaysia	742,011	742,011	100.00	100.00	-	-	100.00	100.00
Maybank International Holdings Sdn. Bhd.	Investment holding	Malaysia	4,390,000,000	4,390,000,000	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Holdings Limited <sup>10</sup>	Investment holding	Singapore	211,114,224 <sup>4</sup>	211,114,224 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00

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## 66. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Share Capital		Effective Interest held by the Group		Effective Interest held by the Non-Controlling Interest		Total	
			2020 RM	2019 RM	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
<b>Investment Banking (cont'd.):</b>										
Maybank Kim Eng Securities Pte. Ltd. <sup>10</sup>	Dealing in securities	Singapore	75,000,000 <sup>4</sup>	75,000,000 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
PT Maybank Kim Eng Sekuritas <sup>10</sup>	Dealing in securities	Indonesia	589,805,000,000 <sup>1</sup>	589,805,000,000 <sup>1</sup>	99.78	99.78	0.22	0.22	100.00	100.00
Maybank Kim Eng Securities (Thailand) Public Company Limited <sup>10</sup>	Dealing in securities	Thailand	3,377,643,229 <sup>7</sup>	3,377,643,229 <sup>7</sup>	83.50	83.50	16.50	16.50	100.00	100.00
Maybank Kim Eng Securities (London) Limited <sup>10</sup>	Dealing in securities	United Kingdom	600,000 <sup>6</sup>	600,000 <sup>6</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Securities USA Inc. <sup>11</sup>	Dealing in securities	United States of America	26,500,000 <sup>2</sup>	26,500,000 <sup>2</sup>	100.00	100.00	-	-	100.00	100.00
Kim Eng Securities India Private Limited <sup>10</sup>	Dealing in securities	India	500,000,000 <sup>8</sup>	500,000,000 <sup>8</sup>	100.00	100.00	-	-	100.00	100.00
Ong Asia Securities (HK) Limited <sup>10</sup>	Securities trading	Hong Kong	30,000,000 <sup>5</sup>	30,000,000 <sup>5</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Research Pte. Ltd. <sup>10</sup>	Provision of research services	Singapore	300,000 <sup>4</sup>	300,000 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
Kim Eng Securities (Hong Kong) Limited <sup>10</sup>	Dealing in securities	Hong Kong	310,000,000 <sup>5</sup>	310,000,000 <sup>5</sup>	100.00	100.00	-	-	100.00	100.00
Kim Eng Futures (Hong Kong) Limited <sup>10</sup>	Futures contracts broker	Hong Kong	6,000,000 <sup>5</sup>	6,000,000 <sup>5</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Capital, Inc. <sup>10</sup> (formerly known as Maybank ATR Kim Eng Capital Partners, Inc.)	Corporate finance & financial and investment advisory	Philippines	872,558,000 <sup>3</sup>	872,558,000 <sup>3</sup>	100.00	100.00	-	-	100.00	100.00
Maybank ATR Kim Eng Securities, Inc. <sup>10</sup>	Dealing in securities	Philippines	404,795,900 <sup>3</sup>	404,795,900 <sup>3</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Securities Limited <sup>10</sup>	Dealing in securities	Vietnam	1,056,110,000,000 <sup>9</sup>	1,056,110,000,000 <sup>9</sup>	100.00	100.00	-	-	100.00	100.00
<b>Asset Management/Trustees/Custody</b>										
Maybank Asset Management Group Berhad	Investment holding	Malaysia	262,300,030	262,300,030	80.00	80.00	20.00	20.00	100.00	100.00
Maybank (Indonesia) Berhad	Dormant	Malaysia	5,000,000	5,000,000	100.00	100.00	-	-	100.00	100.00
Cekap Mentari Berhad	Investment holding	Malaysia	6,070,828,970	7,284,748,970	100.00	100.00	-	-	100.00	100.00
Maybank International Trust (Labuan) Berhad	Investment holding	Malaysia	2,879,678,473	2,879,678,473	100.00	100.00	-	-	100.00	100.00
Maybank Offshore Corporate Services (Labuan) Sdn. Bhd.	Investment holding	Malaysia	9,813,403,836	9,813,403,836	100.00	100.00	-	-	100.00	100.00
Maybank Trustees Berhad	Trustee services	Malaysia	500,000	500,000	100.00	100.00	-	-	100.00	100.00
Maybank Private Equity Sdn. Bhd.	Private equity investments	Malaysia	3,500,000	14,000,000	80.00	80.00	20.00	20.00	100.00	100.00
Maybank Asset Management Sdn. Bhd.	Fund management	Malaysia	47,720,000	47,720,000	80.00	80.00	20.00	20.00	100.00	100.00
Philmay Property, Inc. <sup>10</sup>	Property leasing and trading	Philippines	100,000,000 <sup>3</sup>	100,000,000 <sup>3</sup>	60.00	60.00	40.00	40.00	100.00	100.00
Maybank (Nominees) Sdn. Bhd.	Nominee services	Malaysia	31,000	31,000	100.00	100.00	-	-	100.00	100.00
Maybank Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Nominees (Singapore) Private Limited <sup>10</sup>	Nominee services	Singapore	60,000 <sup>4</sup>	60,000 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Nominees (Hong Kong) Limited <sup>10</sup>	Nominee services	Hong Kong	3 <sup>5</sup>	3 <sup>5</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Securities Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Securities Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
Maybank Allied Berhad	Investment holding	Malaysia	753,908,638	753,908,638	100.00	100.00	-	-	100.00	100.00
Dourado Tora Holdings Sdn. Bhd.	Investment holding	Malaysia	81,196,888	81,196,888	100.00	100.00	-	-	100.00	100.00
Aurea Lakra Holdings Sdn. Bhd.	Property investment	Malaysia	1,000,000	1,000,000	100.00	100.00	-	-	100.00	100.00
KBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00	-	-	100.00	100.00
KBB Properties Sdn. Bhd.	Ceased operations	Malaysia	410,000	410,000	100.00	100.00	-	-	100.00	100.00

66. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Share Capital		Effective Interest held by the Group		Effective Interest held by the Non-Controlling Interest		Total	
			2020 RM	2019 RM	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
<b>Asset Management/Trustees/ Custody (cont'd.)</b>										
Overseas Investment Pte. Ltd. (formerly known as Etiqa Overseas Investment Pte. Ltd.)	Disposed	Malaysia	-	1 <sup>2</sup>	-	69.05	-	30.95	-	100.00
Double Care Sdn. Bhd. <sup>13</sup>	Under member's voluntary liquidation	Malaysia	35,000,000	35,000,000	69.05	69.05	30.95	30.95	100.00	100.00
Sorak Financial Holdings Pte. Ltd. <sup>10</sup>	Investment holding	Singapore	882,010,600 <sup>4</sup>	882,010,600 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
Maybank KE Strategic Pte. Ltd. <sup>10</sup>	Investment holding	Singapore	2 <sup>4</sup>	2 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Properties Pte. Ltd. <sup>10</sup>	Property investment	Singapore	8,000,000 <sup>4</sup>	8,000,000 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
Strategic Acquisitions Pte. Ltd. <sup>10</sup>	Fund management	Singapore	94,556 <sup>4</sup>	94,556 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
Kim Eng Investment Limited <sup>10</sup>	Investment holding	Hong Kong	415,000,000 <sup>5</sup>	415,000,000 <sup>5</sup>	100.00	100.00	-	-	100.00	100.00
KE Sovereign Limited <sup>12</sup>	Investment holding	British Virgin Islands	500,000 <sup>2</sup>	500,000 <sup>2</sup>	100.00	100.00	-	-	100.00	100.00
FXDS Learning Group Pte. Ltd. <sup>10</sup>	Liquidated	Singapore	-	200,000 <sup>4</sup>	-	100.00	-	-	-	100.00
Maybank Kim Eng Securities Nominees Pte. Ltd. <sup>10</sup>	Acting as nominee for beneficiary shareholders	Singapore	10,000 <sup>4</sup>	10,000 <sup>4</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Asset Management Singapore Pte. Ltd. <sup>10</sup>	Fund management	Singapore	9,768,512 <sup>4</sup>	9,768,512 <sup>4</sup>	80.00	80.00	20.00	20.00	100.00	100.00
Kim Eng Nominees (Hong Kong) Limited <sup>10</sup>	Nominee services	Hong Kong	2 <sup>5</sup>	2 <sup>5</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Properties USA Inc. <sup>12</sup>	Property investment	United States of America	3,000,000 <sup>2</sup>	3,000,000 <sup>2</sup>	100.00	100.00	-	-	100.00	100.00
PT Prosperindo <sup>11</sup>	Investment holding	Indonesia	275,730,000,000 <sup>1</sup>	275,730,000,000 <sup>1</sup>	100.00	100.00	-	-	100.00	100.00
Maybank Shared Services Sdn. Bhd.	IT shared services	Malaysia	5,000,000	5,000,000	100.00	100.00	-	-	100.00	100.00
PT Maybank Asset Management <sup>10</sup>	Fund management	Indonesia	99,000,000,000 <sup>1</sup>	48,000,000,000 <sup>1</sup>	79.20	79.20	20.80	20.80	100.00	100.00
Maybank Islamic Asset Management Sdn. Bhd.	Fund management	Malaysia	3,000,000	3,000,000	80.00	80.00	20.00	20.00	100.00	100.00
MAM DP Ltd.	Fund management	Malaysia	1 <sup>2</sup>	1 <sup>2</sup>	80.00	80.00	20.00	20.00	100.00	100.00
MBB Labs Private Limited <sup>10</sup>	IT development services	India	60,000,000 <sup>8</sup>	60,000,000 <sup>8</sup>	100.00	100.00	-	-	100.00	100.00
Amanah Mutual Berhad	Fund management	Malaysia	5,000,000	5,000,000	80.00	80.00	20.00	20.00	100.00	100.00
Singapore Unit Trusts Limited <sup>10</sup>	Dormant	Singapore	50,000 <sup>4</sup>	50,000 <sup>4</sup>	80.00	80.00	20.00	20.00	100.00	100.00
Etiqa Digital Solutions Sdn. Bhd.	Other IT, business management consultancy/support services	Malaysia	2,500,000	-	100.00	-	-	-	100.00	-

(b) Details of the deemed controlled structured entities are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Effective Interest	
			2020 %	2019 %
<b>Held by the Bank</b>				
Akshayam Asia Fund Limited <sup>10</sup>	Disposed	British Virgin Islands	-	87
Akshayam Asia Master Fund Limited <sup>10</sup>	Disposed	British Virgin Islands	-	100
Maybank Enhanced Income Fund <sup>10</sup>	Equity Fund	Singapore	74	95
Maybank Malaysia SmallCap Fund (formerly known as Maybank SmallCap Trust Fund)	Equity Fund	Malaysia	86	89
Maybank All-Weather Quantitative Fund <sup>10</sup>	Equity Fund	Singapore	100	-
<b>Held through subsidiaries</b>				
MAM PE Asia Fund I (Labuan) LLP	Private Equity Fund	Malaysia	100	100

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### 66. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(c) Details of the associates are as follows:

Name of Company	Principal Activities	Country of Incorporation/Principal Place of Business	Effective Interest	
			2020 %	2019 %
<b>Held by the Bank</b>				
Uzbek Leasing International A.O. <sup>11</sup>	Leasing	Uzbekistan	20	20
Philmay Holding, Inc. <sup>10</sup>	Investment holding	Philippines	33	33
An Binh Commercial Joint Stock Bank <sup>11</sup>	Banking	Vietnam	20	20
<b>Held through subsidiaries</b>				
Pak-Kuwait Takaful Company Limited <sup>11</sup>	Disposed	Pakistan	–	22
MCB Bank Limited <sup>11</sup>	Banking	Pakistan	19	19
Asian Forum, Inc. <sup>11</sup>	Under member's voluntary liquidation	Malaysia	23	23
Tullet Prebon (Philippines), Inc. <sup>11</sup>	Broker between participants in forex and fixed income	Philippines	49	49
Adrian V. Ocampo Insurance Brokers, Inc. <sup>10</sup>	Insurance brokerage	Philippines	23	23
GPay Network (M) Sdn. Bhd.	Undertake e-payment business	Malaysia	30	30

(d) Details of the joint venture are as follows:

Name of Company	Principal Activities	Country of Incorporation/Principal Place of Business	Effective Interest	
			2020 %	2019 %
Anfaal Capital <sup>11</sup>	Investment banking	Kingdom of Saudi Arabia	35	35

**Note:**<sup>1</sup> Indonesia Rupiah (IDR)<sup>2</sup> United States Dollars (USD)<sup>3</sup> Philippine Peso (Peso)<sup>4</sup> Singapore Dollars (SGD)<sup>5</sup> Hong Kong Dollars (HKD)<sup>6</sup> Great Britain Pound (GBP)<sup>7</sup> Thailand Baht (THB)<sup>8</sup> Indian Rupee (INR)<sup>9</sup> Vietnamese Dong (VND)<sup>10</sup> Audited by other member firms of Ernst & Young Global<sup>11</sup> Audited by firms of auditors other than Ernst & Young Global<sup>12</sup> No audit required as allowed by the laws of the respective country of incorporation<sup>13</sup> No audit required as the entity is under members' voluntary liquidation<sup>14</sup> In the financial year ended 31 December 2013, the Group completed the disposal of 18.3% equity interest in PT Bank Maybank Indonesia Tbk ("BMI") to a third party investor. The disposal was undertaken to ensure compliance with the Otoritas Jasa Keuangan ("OJK")'s mandatory sell down requirement under the OJK Regulation No. IX.H.1. The Group has also entered into a commercial arrangement where the economic exposure resulting from the disposal is being retained. Hence, the disposal has no financial impact to the Group and has not resulted to a decrease in the Group's effective interest in BMI.

### 67. CURRENCY

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency and rounded to the nearest thousand (RM'000) unless otherwise stated.



## 68. DIRECTORS OF SUBSIDIARIES OF THE GROUP

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 Company	Name of Directors	Name of Company	Name of Directors
<b>Maybank Islamic Berhad</b>	Dato' Zulkiflee Abbas bin Abdul Hamid Dali Kumar @ Dali bin Sardar Datuk Mohd Anwar bin Yahya Associate Professor Dr. Aznan bin Hasan Shariffuddin bin Khalid Dato' Azmi bin Mohd Ali (appointed on 9 November 2020) Zainal Abidin bin Jamal (retired on 31 May 2020)	<b>Kim Eng Finance (Singapore) Pte. Ltd.</b>	Rajiv Vijendran (appointed on 8 June 2020) Mohd Mughti Arief bin Shamsudin (appointed on 11 August 2020) Bedi Harmeet Singh (resigned on 9 June 2020) Jeffrey Goh Cho Kiat (resigned on 24 August 2020)
<b>Maybank International (L) Ltd.</b>	Khalijah binti Ismail Khairudin bin Abdul Rahman Aziah binti Abdullah	<b>Maybank Ageas Holdings Berhad</b>	Datuk R. Karunakaran Dato' Johan bin Ariffin Gary Lee Crist Dato' Amirul Feisal bin Wan Zahir Dato' Majid bin Mohamad Datuk Mohd Najib bin Abdullah Antonio Cano (appointed on 3 February 2020) Bart K.A. De Smet (resigned on 3 February 2020)
<b>Maybank Philippines, Incorporated</b>	Fauziah binti Hisham Datuk Lim Hong Tat Pollie Sim Sio Hoong Atty. Ray C. Espinosa Renato Tinio De Guzman Choong Wai Hong Manuel Nava Tordesillas Simoun S. Ung Jesus Roberto S. Reyes (appointed on 11 September 2020) Aloysius B. Colayco (retired on 10 July 2020)	<b>Etiqua Life International (L) Ltd.</b>	Lee Hin Sze Dato' Majid bin Mohamad (appointed on 25 June 2020) Johan Lam Chung Yin (appointed on 25 June 2020) Datuk Sulaiman bin Salleh (resigned on 13 February 2020) Frank J.G. Van Kempen (resigned on 25 June 2020)
<b>PT Bank Maybank Indonesia Tbk</b>	Datuk Abdul Farid bin Alias Budhi Dyah Sitawati Achjar Iljas Edwin Gerungan Dr. Hendar Datuk Lim Hong Tat	<b>Etiqua General Insurance Berhad</b>	Datuk Mohd Najib bin Abdullah Datuk Normala binti A. Manaf Frank J.G. Van Kempen Koh Heng Kong Serina binti Abdul Samad Daniela Adaggi (appointed on 2 January 2020) Mohamad Shukor bin Ibrahim (appointed on 1 April 2020) Philippe Pol Arthur Latour (resigned on 2 January 2020)
<b>Maybank (Cambodia) Plc.</b>	Spencer Lee Tien Chye Datuk Hamirullah bin Boorhan Soon Su Long Anthony Brent Elam Shariffuddin bin Khalid	<b>Etiqua Family Takaful Berhad</b>	Dato' Majid bin Mohamad Dato' Johan bin Ariffin Wong Pakshong Kat Jeong Colin Stewart Andrew King Sun Cheung (appointed on 7 February 2020) Associate Professor Dr. Azman bin Mohd Noor (appointed on 15 June 2020) Philippe Pol Arthur Latour (resigned on 7 February 2020) Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican (relinquished on 31 January 2020)
<b>Maybank Singapore Limited</b>	Datuk R. Karunakaran Datuk Abdul Farid bin Alias Anthony Brent Elam Spencer Lee Tien Chye Wong Heng Ning Kevin Lee Yong Guan Renato Tinio De Guzman	<b>Etiqua Offshore Insurance (L) Ltd.</b>	Frank J.G. Van Kempen Dato' Majid bin Mohamad (appointed on 25 June 2020) Chris Eng Poh Yoon (appointed on 13 July 2020) Datuk Sulaiman bin Salleh (resigned on 13 February 2020) Lee Hin Sze (resigned on 13 July 2020)
<b>Myfin Berhad</b>	Loy Teck Wooi Surin Segar a/l Gnanasegaram	<b>Etiqua International Holdings Sdn. Bhd.</b>	Datuk R. Karunakaran Dato' Johan bin Ariffin Dato' Amirul Feisal bin Wan Zahir
<b>Maybank Alliances Sdn. Bhd.</b>	Surin Segar a/l Gnanasegaram Khalijah binti Ismail	<b>Etiqua Life and General Assurance Philippines, Inc.</b>	Kamaludin bin Ahmad Lee Hin Sze Manuel N. Tordesillas Eulogio A. Mendoza Ma. Victoria C. Vinas Rico T. Bautista Ricardo Nicanor N. Jacinto (appointed on 14 February 2020)
<b>PT Maybank Indonesia Finance</b>	Deswandhy Agusman Steffano Ridwan <sup>1</sup> Jenny Wiriyanto (resigned on 8 January 2020) Ghazali bin Mohd Rasad (resigned on 30 November 2020)	<b>Etiqua Insurance Pte. Ltd.</b>	Dato' Johan bin Ariffin Kamaludin bin Ahmad Frank J.G. Van Kempen Sallim bin Abdul Kadir Wong Pakshong Kat Jeong Colin Stewart Dr. John Lee Hin Hock
<b>PT Wahana Ottomitra Multiartha Tbk</b>	I Nyoman Tjager Robbyanto Budiman Garibaldi Thohir Thilagavathy Nadason Myrnie Zachraini Tamin		

<sup>1</sup> The appointment has been approved through the PT Maybank Indonesia Finance shareholders resolution statement dated 21 July 2020. The approval for the Fit and Proper Test is still in progress.

## Notes to the Financial Statements

31 December 2020

### 68. DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

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 (cont'd.):

Name of Company	Name of Directors	Name of Company	Name of Directors
<b>PT Asuransi Etiqa Internasional Indonesia</b>	Kamaludin bin Ahmad Endra Raharja Oka Masagung Wijayanto Samirin Adie Poernomo Widjaya Raharjo Adisusanto (appointed on 4 November 2020) Siti Nita Zuhra binti Mohd Nazri (resigned on 27 March 2020) Andy Wardhana Putra Tanumihardja (resigned on 27 March 2020)	<b>Maybank Kim Eng Holdings Limited</b>	Dato' Muzaffar bin Hisham Dr. John Lee Hin Hock Dato' Sri Sharifah Sofianny binti Syed Hussain Che Zakiah binti Che Din Dato' Abdul Hamid bin Sheikh Mohamed Goh Ching Yin Hans Johan Patrik Sandin Dr. Hasnita binti Dato' Hashim (appointed on 2 November 2020) Datuk Mohaiyani binti Shamsudin (retired on 1 November 2020)
<b>Etiqa Life Insurance Berhad</b>	Datuk Mohd Najib bin Abdullah Dato' Johan bin Ariffin Philippe Pol Arthur Latour Loh Lee Soon Frank J.G. Van Kempen Wong Pakshong Kat Jeong Colin Stewart Datuk Normala binti A. Manaf (resigned on 31 January 2020)	<b>Maybank Kim Eng Securities Pte. Ltd.</b>	Dr. John Lee Hin Hock (appointed on 9 April 2020) Hamidah Moris (appointed on 20 April 2020) Khalijah binti Ismail (appointed on 9 April 2020) Teo Hoe Sing (appointed on 25 May 2020) Rajiv Vijendran (appointed on 1 July 2020) Bedi Harmeet Singh (resigned on 22 May 2020) Jeffrey Goh Cho Kiat (resigned 15 July 2020)
<b>Etiqa General Takaful Berhad</b>	Dato' Majid bin Mohamad Philippe Pol Arthur Latour Dato' Johan bin Ariffin Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican Koh Heng Kong Professor Dr. Rusni Hassan (appointed on 7 February 2020)	<b>PT Maybank Kim Eng Securities</b>	I Nyoman Tjager Deswandhy Agusman Dato' Abdul Hamid bin Sheikh Mohamed
<b>Etiqa General Insurance (Cambodia) Plc.</b>	Datuk Mohd Najib bin Abdullah Loh Lee Soon Kirupalani Chelliah Kamaludin bin Ahmad	<b>Maybank Kim Eng Securities (Thailand) Public Company Limited</b>	Montree Sornpaisarn Sopawadee Lertmanaschai Hans Johan Patrik Sandin Dr. Areepong Bhoocha-oom Hamidah binti Moris Henry Koh Swee Ong
<b>Etiqa Life Insurance (Cambodia) Plc.</b>	Dato' Johan bin Ariffin Koh Heng Kong Wong Pakshong Kat Jeong Colin Stewart Lee Hin Sze Siti Nita Zuhra binti Mohd Nazri (appointed on 25 August 2020)	<b>Maybank Kim Eng Securities (London) Limited</b>	Leonard White Mohamad Yasin bin Abdullah Farhan Nor Diyana binti Samsudin
<b>Maybank Investment Bank Berhad</b>	Hans Johan Patrik Sandin Goh Ching Yin Dato' Muzaffar bin Hisham Dato' Abdul Hamid bin Sheikh Mohamed Dato' Sri Sharifah Sofianny binti Syed Hussain Che Zakiah binti Che Din Dr. Hasnita binti Dato' Hashim (appointed 2 November 2020) Datuk Mohaiyani binti Shamsudin (retired on 1 November 2020)	<b>Maybank Kim Eng Securities USA Inc.</b>	Jean Louis Lee Mohamad Yasin bin Abdullah Ahmad Hamdi bin Abdullah (appointed on 20 April 2020) Shahida binti Mohd Jaffar Sadiq Maricar (resigned on 20 April 2020)
<b>Maysec Sdn. Bhd.</b>	Mohamad Yasin bin Abdullah Malique Firdaus bin Ahmad Sidiq	<b>Kim Eng Securities India Private Limited</b>	Jigar Shah Mohamad Yasin bin Abdullah (appointed on 18 March 2020) Malique Firdaus bin Ahmad Sidiq (appointed on 18 March 2020) Bedi Harmeet Singh (resigned on 29 April 2020) Alexander Panasko (resigned on 18 March 2020)
<b>PhileoAllied Securities (Philippines) Inc.*</b>	Mohamad Yasin bin Abdullah Hamidah binti Moris Luis Manuel L. Gatmaitan Graciella Marie D. Baldoz-Paz Ma. Alicia Picazo-San Juan	<b>Ong Asia Securities (HK) Limited</b>	Mohamad Yasin bin Abdullah Lim Eng Ping Malique Firdaus bin Ahmad Sidiq
<b>BinaFikir Sdn. Bhd.</b>	Dato' Muzaffar bin Hisham (appointed on 14 May 2020) Lye Saw Im (appointed on 14 May 2020) Mohamad Yasin bin Abdullah (resigned on 15 June 2020) Malique Firdaus bin Ahmad Sidiq (resigned on 15 June 2020)	<b>Maybank Kim Eng Research Pte. Ltd.</b>	Ong Seng Yeow Shrianand Pathmakathan (appointed on 17 April 2020) Sadiq Currimbhoy (resigned on 20 April 2020)
<b>Maybank International Holdings Sdn. Bhd.</b>	Wan Marzimin bin Wan Muhammad Mohamad Yasin bin Abdullah	<b>Kim Eng Securities (Hong Kong) Limited</b>	Hans Johan Patrik Sandin Hamidah binti Moris Malique Firdaus bin Ahmad Sidiq Lim Eng Ping Felino James Marcelo (appointed on 17 August 2020) Gregory Seow Poon Garn (resigned on 17 August 2020)
		<b>Kim Eng Futures (Hong Kong) Limited</b>	Lim Eng Ping Teo Kim Guan (appointed on 18 May 2020) Jeffrey Goh Cho Kiat (resigned on 10 June 2020)

## 68. DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

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 (cont'd.):

Name of Company	Name of Directors	Name of Company	Name of Directors
<b>Maybank Kim Eng Capital, Inc. (formerly known as Maybank ATR Kim Eng Capital Partners, Inc.)</b>	Ma. Victoria C. Viñas Choong Wai Hong Alexander Ludwig L. Dauz Dato' Sri Sharifah Sofianny binti Syed Hussain Rajiv Vijendran Ricardo Nicanor Jacinto (appointed on 31 March 2020) Aurelio Noel G. Dayrit (appointed on 2 July 2020)	<b>Maybank Asset Management Sdn. Bhd.</b>	Goh Ching Yin Badrul Hisyam bin Abu Bakar Ahmad Najib bin Nazlan Dato' Idris bin Kechot (appointed on 2 November 2020) Dr. Hasnita binti Dato' Hashim (resigned on 1 November 2020)
<b>Maybank ATR Kim Eng Securities, Inc.</b>	Alexander Ludwig L. Dauz Rajiv Vijendran Aurelio Noel G. Dayrit (appointed on 9 July 2020) Ricardo Nicanor Jacinto (appointed on 19 November 2020) Jeffrey Goh Cho Kiat (resigned on 7 July 2020)	<b>Philmay Property, Inc.</b>	Ong Seet-Joon Atty. Llewellyn L. Llanillo Ng Yok Chin
<b>Maybank Kim Eng Securities Limited</b>	Mohamad Yasin bin Abdullah Rajiv Vijendran Lok Eng Hong (appointed on 7 August 2020) Jeffrey Goh Cho Kiat (resigned on 7 August 2020) Ronnie Royston Fernandiz (resigned on 7 August 2020) Che Zakiah binti Che Din (resigned on 7 August 2020)	<b>Maybank (Nominees) Sdn. Bhd.</b>	Mohamad Yasin bin Abdullah Surin Segar a/l Gnanasegaram (appointed on 23 June 2020) Ronnie Royston Fernandiz (resigned on 24 June 2020)
<b>Maybank Asset Management Group Berhad</b>	Dato' Idris bin Kechot Dato' Muzaffar bin Hisham Loh Lee Soon Goh Ching Yin Mohd Irwan bin Ahmad Mustafa @ Mustafa Roni Lihawa bin Abdul Wahab (appointed on 2 November 2020) Dr. Hasnita binti Dato' Hashim (resigned on 1 November 2020)	<b>Maybank Nominees (Tempatan) Sdn. Bhd.</b>	Mohamad Yasin bin Abdullah Surin Segar a/l Gnanasegaram (appointed on 23 June 2020) Ronnie Royston Fernandiz (resigned on 24 June 2020)
<b>Maybank (Indonesia) Berhad</b>	Loy Teck Wooi Wan Marzimin bin Wan Muhammad	<b>Maybank Nominees (Asing) Sdn. Bhd.</b>	Mohamad Yasin bin Abdullah Surin Segar a/l Gnanasegaram (appointed on 23 June 2020) Ronnie Royston Fernandiz (resigned on 24 June 2020)
<b>Cekap Mentari Berhad</b>	Khalijah binti Ismail Lee Yih Hwan	<b>Maybank Nominees (Singapore) Private Limited</b>	Allen Ng Kian Guan Lim Choon Meng Chew Yew Leong David (appointed on 1 July 2020) Alan Lau Chee Keong (resigned on 1 July 2020)
<b>Maybank International Trust (Labuan) Berhad</b>	Khalijah binti Ismail Lee Yih Hwan	<b>Maybank Nominees (Hong Kong) Limited</b>	Felino James Marcelo (appointed on 3 February 2020) Seow Poon Garn (resigned on 3 February 2020)
<b>Maybank Offshore Corporate Services (Labuan) Sdn. Bhd.</b>	Khalijah binti Ismail Surin Segar a/l Gnanasegaram (appointed on 23 June 2020) Ronnie Royston Fernandiz (resigned on 24 June 2020)	<b>Maybank Securities Nominees (Tempatan) Sdn. Bhd.</b>	Maliq Firdaus bin Ahmad Sidique Ezrina binti Mahadzir
<b>Maybank Trustees Berhad</b>	Cheng Kee Check Fauziah binti Hisham Surindar Kaur a/p Gian Singh (appointed on 18 August 2020) Dato' John Chong Eng Chuan (appointed on 18 September 2020) Ong Sau Yin (retired on 19 August 2020) Datuk Jatry Abie @ Jeffry bin Mohd Ali (resigned on 18 September 2020)	<b>Maybank Securities Nominees (Asing) Sdn. Bhd.</b>	Maliq Firdaus bin Ahmad Sidique Ezrina binti Mahadzir
<b>Maybank Private Equity Sdn. Bhd.</b>	Fad' bin Mohamed Norlia binti Mat Yusof Loh Lee Soon (appointed on 2 November 2020) Goh Ching Yin (resigned on 1 November 2020)	<b>Maybank Allied Berhad</b>	Wan Marzimin bin Wan Muhammad Khalijah binti Ismail
		<b>Dourado Tora Holdings Sdn. Bhd.</b>	Lee Yih Hwan Khalijah binti Ismail
		<b>Aurea Lakra Holdings Sdn. Bhd.</b>	Lee Yih Hwan Choong Yoke Choo
		<b>KBB Nominees (Tempatan) Sdn. Bhd.</b>	Yeoh Cheang Teik Abdullah bin Taib
		<b>KBB Properties Sdn. Bhd.</b>	Yeoh Cheang Teik Mohd Noor bin Bahari Abdullah bin Taib
		<b>Double Care Sdn. Bhd.*</b>	Dato' Aminuddin bin Md Desa Hans De Cuyper
		<b>Sorak Financial Holdings Pte. Ltd.</b>	Lim Choon Meng Khalijah binti Ismail

## Notes to the Financial Statements

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### 68. DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONT'D.)

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 (cont'd.):

Name of Company	Name of Directors	Name of Company	Name of Directors
<b>Maybank KE Strategic Pte. Ltd.</b>	Malique Firdaus bin Ahmad Sidiq Rajiv Vijendran (appointed on 8 June 2020) Jeffrey Goh Cho Kiat (resigned on 9 June 2020)	<b>PT Prosperindo</b>	Lee Tien Poh Narita Naziree binti Ahmad Naziree Surin Segar a/l Gnanasegaram
<b>Maybank Kim Eng Properties Pte. Ltd.</b>	Mohamad Yasin bin Abdullah Lee Yih Hwan (appointed on 22 May 2020) Jeffrey Goh Cho Kiat (resigned on 26 May 2020)	<b>Maybank Shared Services Sdn. Bhd.</b>	Surin Segar a/l Gnanasegaram Loy Teck Wooi Mohd Suhail Amar Suresh bin Abdullah
<b>Strategic Acquisitions Pte. Ltd.</b>	Tan Boon Guan Badrul Hisyam bin Abu Bakar Loke Eng Hong Goh Keat Jin	<b>PT Maybank Asset Management</b>	Badrul Hisyam bin Abu Bakar Mohamad Yasin bin Abdullah Drs. M Noor Rachman (resigned on 3 July 2020)
<b>Kim Eng Investment Limited</b>	Lim Eng Ping Malique Firdaus bin Ahmad Sidiq	<b>Maybank Islamic Asset Management Sdn. Bhd.</b>	Badrul Hisyam bin Abu Bakar Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican Ahmed Muzni bin Mohamed Roni Lihawa bin Abdul Wahab (appointed on 2 November 2020) Dato' Idris bin Kechot (appointed on 1 January 2020 and resigned on 1 November 2020) Dr. Hasnita binti Dato' Hashim (resigned on 1 January 2020) Dato' Noorizah binti Haji Abd Hamid (resigned on 1 January 2020)
<b>KE Sovereign Limited</b>	Alexander Panasko Malique Firdaus bin Ahmad Sidiq (appointed on 24 August 2020) Jeffrey Goh Cho Kiat (resigned on 24 August 2020)	<b>MAM DP Ltd.</b>	Badrul Hisyam bin Abu Bakar
<b>Maybank Kim Eng Securities Nominees Pte. Ltd.</b>	Henry Koh Swee Ong Young Lim Koon Yang (appointed on 22 May 2020) Jeffrey Goh Cho Kiat (resigned on 26 May 2020)	<b>MBB Labs Private Limited</b>	Meenakshy Ramaswamy Iyer Mohd Suhail Amar Suresh bin Abdullah Datuk Normala binti A. Manaf
<b>Maybank Asset Management Singapore Pte. Ltd.</b>	Goh Keat Jin Badrul Hisyam bin Abu Bakar (appointed on 1 April 2020) Alvin Lee Han Eng (appointed on 1 April 2020) Dr. Hasnita binti Dato' Hashim (appointed on 3 April 2020 and resigned on 1 November 2020) Bedi Harmeet Singh (resigned on 31 March 2020) Loh Lee Soon (resigned on 4 April 2020)	<b>Amanah Mutual Berhad</b>	Badrul Hisyam bin Abu Bakar Ahmad Najib bin Nazlan
<b>Kim Eng Nominees (Hong Kong) Limited</b>	Lim Eng Ping Teo Kim Guan	<b>Singapore Unit Trusts Limited</b>	Lee Han Eng Alvin Goh Keat Jin
<b>Maybank Kim Eng Properties USA Inc.</b>	Jean Louis Lee Mohamad Yasin bin Abdullah Ahmad Hamdi Abdullah (appointed on 20 April 2020) Shahida binti Mohd Jaffar Sadiq Maricar (resigned on 20 April 2020)	<b>Etiqa Digital Solutions Sdn. Bhd.</b>	Kamaludin bin Ahmad Lee Hin Sze (appointed on 9 December 2020) Amran bin Hassan (appointed on 9 December 2020)

\* Under members' voluntary liquidation

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