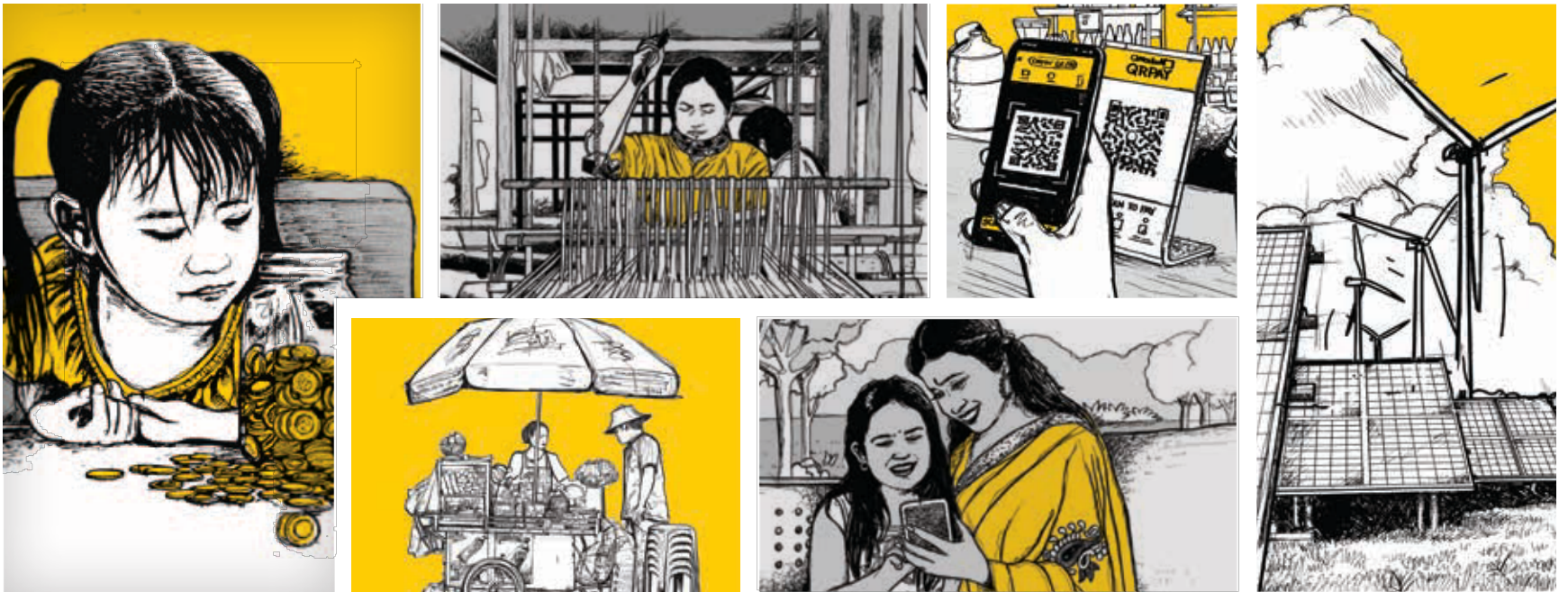


Leading Asia

ANNUAL REPORT 2021
FINANCIAL STATEMENTS



GREATER TOGETHER



Strong net profit of
RM8.10 billion

Robust CET1 Capital Ratio of
16.090%

Attractive total dividend of
58 sen per share

INSIDE THIS REPORT

OUR PERFORMANCE

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1

THE FINANCIALS

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2

62nd

ANNUAL GENERAL MEETING



Broadcasted live from:

Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

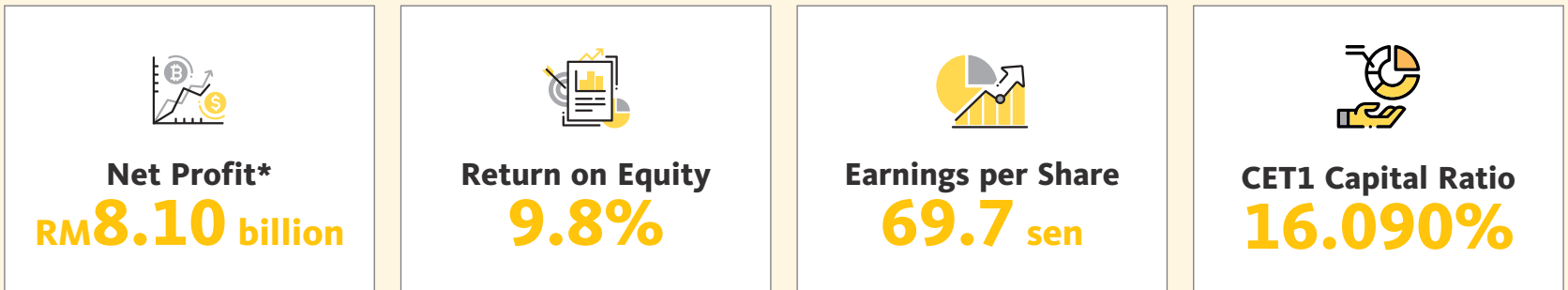


Thursday, 14 April 2022



10.00 a.m.

HIGHLIGHTS OF 2021

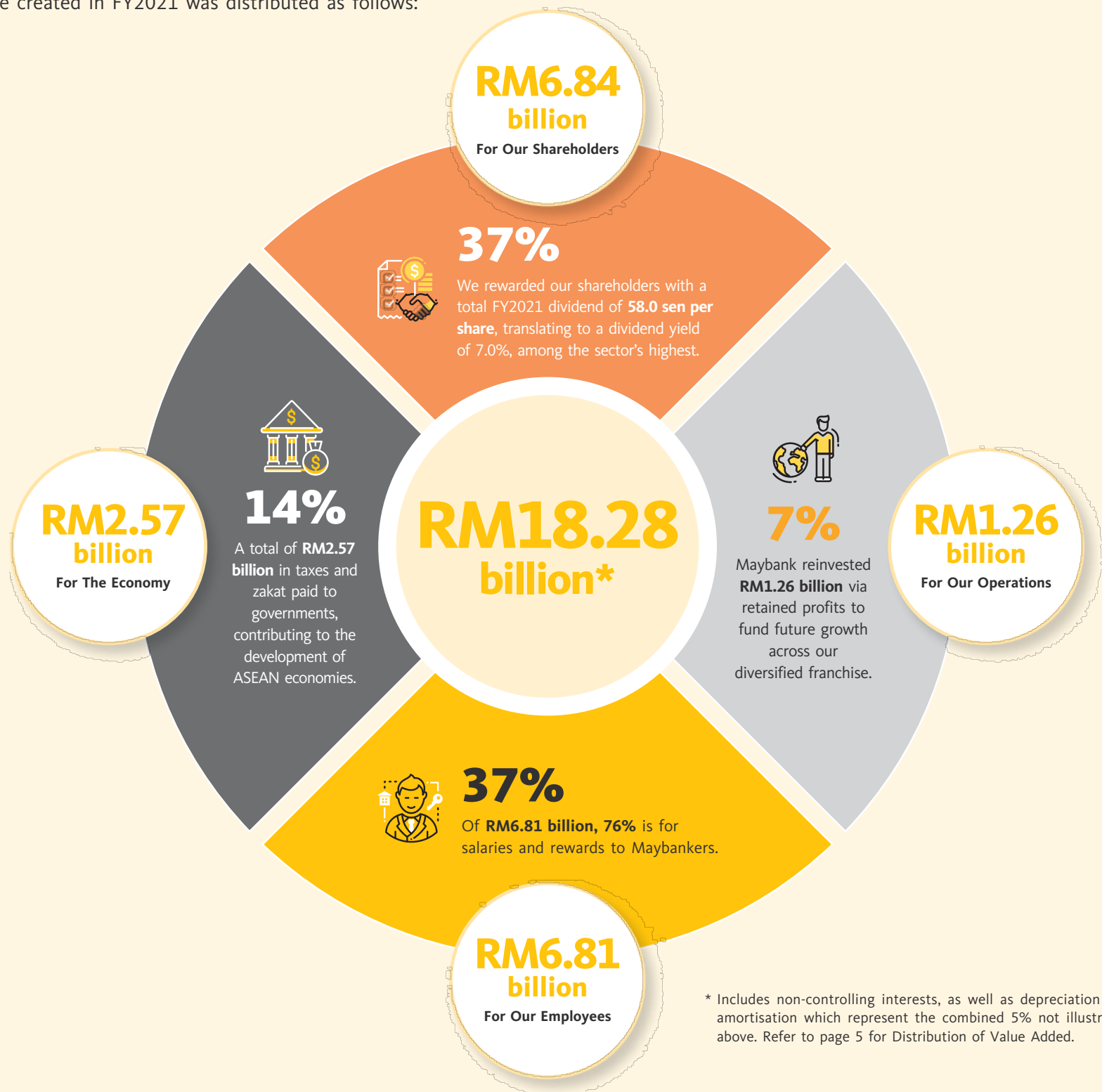


* Net profit is equivalent to profit attributable to equity holders of the Bank.

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 FY2021 was distributed as follows:



* Includes non-controlling interests, as well as depreciation and amortisation which represent the combined 5% not illustrated above. Refer to page 5 for Distribution of Value Added.

FINANCIAL PERFORMANCE

FIVE-YEAR GROUP FINANCIAL SUMMARY

	Group FY 31 Dec					Bank FY 31 Dec	
	2017	2018	2019	2020	2021	2020	2021
OPERATING RESULT (RM' million)							
Operating revenue	45,580	47,320	52,868	51,031	45,959	24,362	23,181
Net operating income	23,238	23,662	24,741	24,763	25,448	14,452	15,190
Pre-provisioning operating profit ("PPOP") ¹	11,911	12,416	13,179	13,541	13,930	9,668	10,168
Operating profit	9,883	10,803	10,856	8,448	10,700	6,929	7,744
Profit before taxation and zakat	10,098	10,901	11,014	8,657	10,887	6,929	7,744
Profit attributable to equity holders of the Bank	7,521	8,113	8,198	6,481	8,096	5,965	6,878
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' million)							
Total assets	765,302	806,992	834,413	856,860	888,172	476,304	489,351
Financial investments portfolio ²	154,373	177,952	192,830	215,186	223,884	133,580	126,242
Loans, advances and financing	485,584	507,084	513,420	512,210	541,888	229,924	240,123
Total liabilities	690,118	729,254	750,344	769,750	799,620	404,037	416,242
Deposits from customers	502,017	532,733	544,531	556,349	588,968	250,025	276,559
Investment accounts of customers	24,555	23,565	20,738	23,841	28,721	-	-
Commitments and contingencies	811,374	872,955	1,208,623	1,305,385	1,176,244	1,225,860	1,081,180
Paid-up capital/Share capital ³	44,250	46,747	48,280	48,280	53,156	48,280	53,156
Shareholders' equity	72,989	75,330	81,571	84,437	85,811	72,266	73,108
SHARE INFORMATION							
Per share (sen)							
Basic earnings	72.0	74.2	73.5	57.7	69.7	53.1	59.2
Diluted earnings	72.0	74.2	73.5	57.7	69.7	53.1	59.2
Gross dividend	55.0	57.0	64.0	52.0	58.0	52.0	58.0
Net assets (sen)	676.9	681.7	725.6	751.1	722.4	642.9	615.5
Share price as at 31 Dec (RM)	9.80	9.50	8.64	8.46	8.30	-	-
Market capitalisation (RM' million)	105,671	104,972	97,125	95,102	98,592	-	-
FINANCIAL RATIOS (%)							
Profitability Ratios/Market Share							
Net interest margin on average interest-earning assets	2.4	2.3	2.3	2.1	2.3	1.8	1.9
Net interest on average risk-weighted assets	4.5	4.6	4.6	4.3	4.7	3.3	3.5
Return on equity	10.9	11.4	10.9	8.1	9.8	8.4	9.5
Net return on average assets	1.0	1.0	1.0	0.8	0.9	1.3	1.4
Net return on average risk-weighted assets	2.0	2.2	2.2	1.7	2.0	2.6	2.9
Cost to income ratio ⁴	48.6	47.5	46.7	45.3	45.3	33.1	33.1
Domestic market share in:							
Loans, advances and financing	18.3	18.1	17.9	18.1	18.0	18.1	18.0
Deposits from customers – Savings account	25.7	26.1	25.5	25.7	26.1	25.7	26.1
Deposits from customers – Current account	19.4	19.3	18.4	13.1	13.8	13.1	13.8
CAPITAL ADEQUACY RATIOS (%)							
CET1 Capital Ratio	14.773	15.029	15.729	15.313	16.090	15.581	15.462
Tier 1 Capital Ratio	16.459	15.983	16.486	16.026	16.810	16.343	16.223
Total Capital Ratio	19.383	19.024	19.387	18.683	19.518	18.639	18.785
ASSET QUALITY RATIOS							
Net impaired loans (%)	1.58	1.28	1.33	1.10	0.89	1.31	1.93
Loan loss coverage (%)	71.5	83.6	77.3	106.3	111.9	105.8	79.6
Loan-to-deposit ratio (%) ⁵	93.8	92.7	92.4	90.1	89.5	82.4	77.9
Deposits to shareholders' fund (times) ⁶	7.2	7.4	6.9	6.9	7.2	3.5	3.8
VALUATIONS ON SHARE							
Gross dividend yield (%)	5.6	6.0	7.4	6.1	7.0	-	-
Dividend payout ratio (%)	78.5	77.3	87.8	91.2	84.5	-	-
Price to earnings multiple (times)	13.6	12.8	11.8	14.7	11.9	-	-
Price to book multiple (times)	1.4	1.4	1.2	1.1	1.1	-	-

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

² 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.

³ Pursuant to Companies Act 2016, the share capital will cease to have par or nominal value, and share premium become part of the share capital.

⁴ 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 IBG Holdings Limited.

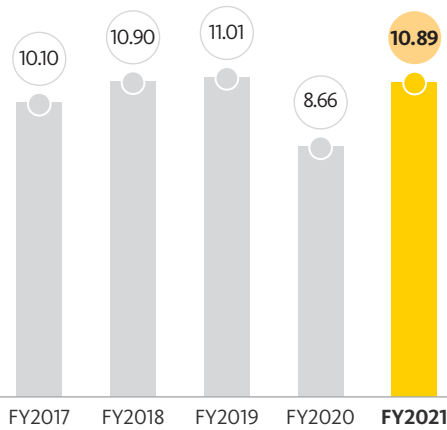
⁵ Loan-to-deposit ratio is computed using gross loans, advances and financing over deposits from customers and investment accounts of customers.

⁶ Deposits to shareholders' fund include investment accounts of customers.

FINANCIAL PERFORMANCE

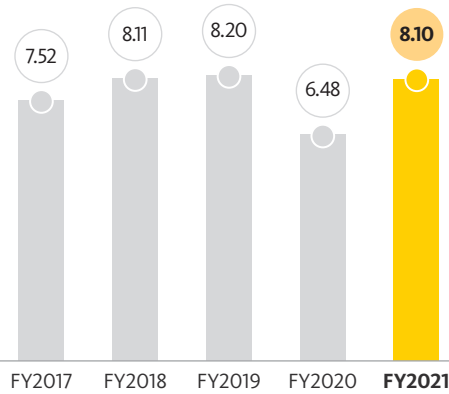
Profit Before Taxation and Zakat

RM10.89 billion



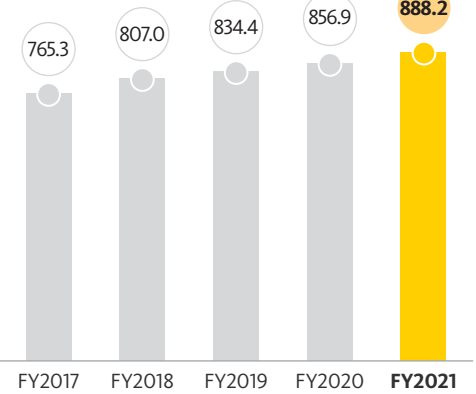
Profit Attributable to Equity Holders of the Bank

RM8.10 billion



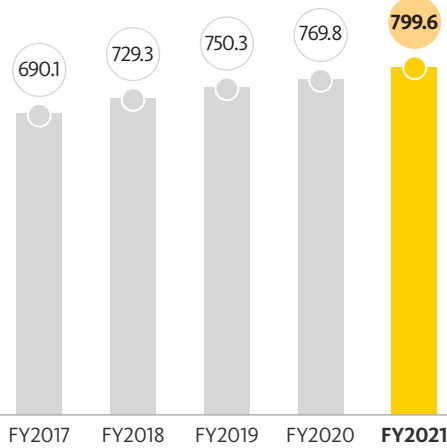
Total Assets

RM888.2 billion



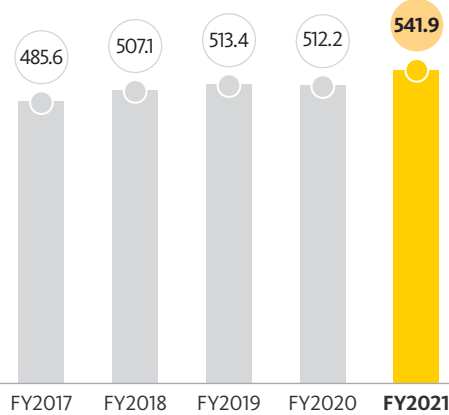
Total Liabilities

RM799.6 billion



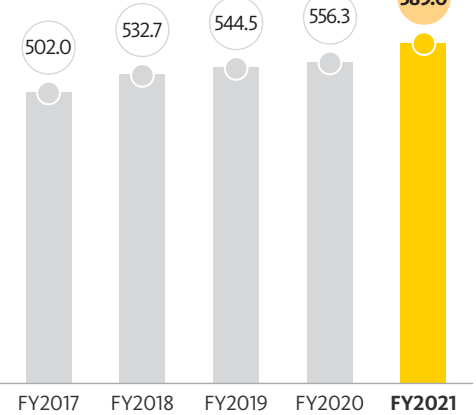
Loans, Advances and Financing

RM541.9 billion



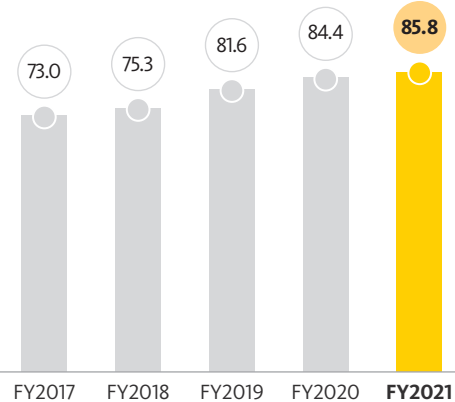
Deposits from Customers

RM589.0 billion



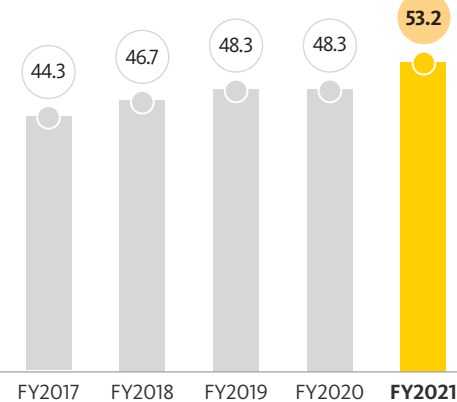
Shareholders' Equity

RM85.8 billion



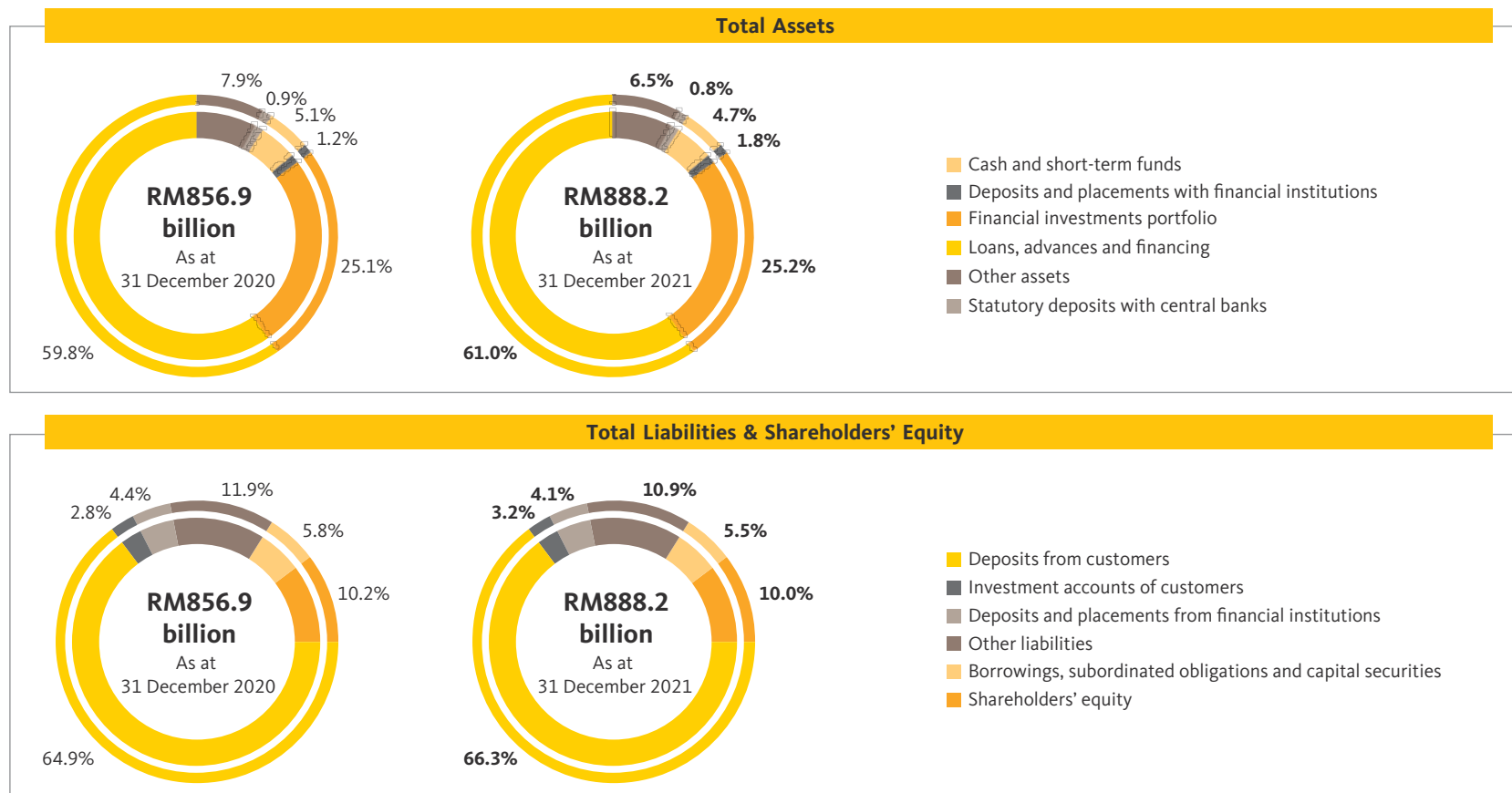
Share Capital

RM53.2 billion



FINANCIAL PERFORMANCE

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION



GROUP QUARTERLY FINANCIAL PERFORMANCE

RM' million	FY 31 Dec 2021				
	Q1	Q2	Q3	Q4	YEAR
Operating revenue	12,218	11,338	11,146	11,257	45,959
Net interest income (including income from Islamic Banking Scheme operations)	4,791	4,979	4,813	5,024	19,607
Net earned insurance premiums	2,529	2,167	1,983	2,168	8,847
Other operating income	1,015	1,150	1,313	993	4,471
Total operating income	8,336	8,296	8,109	8,183	32,924
Operating profit before impairment losses	4,003	3,253	3,329	3,345	13,930
Profit before taxation and zakat	3,172	2,726	2,269	2,720	10,887
Profit attributable to equity holders of the Bank	2,392	1,963	1,685	2,056	8,096
Earnings per share (sen)	20.9	17.1	14.4	17.3	69.7
Dividend per share (sen)	-	28.00	-	30.00	58.00

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	3,443	13,541
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

FINANCIAL PERFORMANCE

KEY INTEREST BEARING ASSETS AND LIABILITIES

	FY 31 Dec 2020			FY 31 Dec 2021		
	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
Interest-earning assets						
Loans, advances and financing	512,210	5.21	21,498	541,888	4.58	19,708
Cash and short-term funds & deposits and placements with financial institutions	54,014	1.85	772	57,521	1.83	605
Financial assets at fair value through profit or loss	41,208	2.28	1,095	40,957	2.17	1,020
Financial investments at fair value through other comprehensive income	127,503	2.45	3,450	122,394	2.40	3,468
Financial investments at amortised cost	46,476	3.55	1,799	60,532	3.43	2,183
Interest bearing liabilities						
Customers' funding:						
– Deposits from customers	556,349	1.44	9,074	588,968	1.14	5,692
– Investment accounts of customers	23,841	1.62	371	28,721	1.12	290
Deposits and placements from financial institutions	37,879	1.37	1,659	36,583	1.12	1,472
Borrowings	38,097	2.06	1,040	35,548	2.16	706
Subordinated obligations	8,968	3.98	1,006	10,239	3.64	887
Capital securities	2,827	4.07	116	2,828	4.07	116

STATEMENT OF VALUE ADDED

	FY 31 Dec 2020 RM'000	FY 31 Dec 2021 RM'000
Net interest income	11,090,389	12,034,045
Income from Islamic Banking Scheme operations	6,135,582	7,572,599
Net earned insurance premiums	9,458,856	8,846,782
Other operating income	7,299,202	4,470,670
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(9,220,803)	(7,475,699)
Overhead expenses excluding personnel expenses, depreciation and amortisation ¹	(4,059,834)	(4,127,651)
Allowances for impairment losses on loans, advances and financing and other debts, net	(4,598,581)	(2,658,541)
Allowances for impairment losses on financial investments, net	(413,918)	(598,298)
(Allowances for)/writeback of impairment losses on other financial assets and goodwill, net	(81,012)	27,393
Share of profits in associates and joint ventures	209,147	186,183
Value added available for distribution	15,819,028	18,277,483

DISTRIBUTION OF VALUE ADDED

	FY 31 Dec 2020 RM'000	FY 31 Dec 2021 RM'000
To employees:		
Personnel expenses	6,563,189	6,808,178
To the Government:		
Taxation	1,937,877	2,565,080
To providers of capital:		
Dividends paid to shareholders	5,911,971	6,837,689
Non-controlling interests	237,860	225,286
To reinvest to the Group:		
Depreciation and amortisation ¹	598,883	582,710
Retained profits	569,248	1,258,540
Value added available for distribution	15,819,028	18,277,483

¹ Depreciation and amortisation exclude depreciation of right-of-use assets.

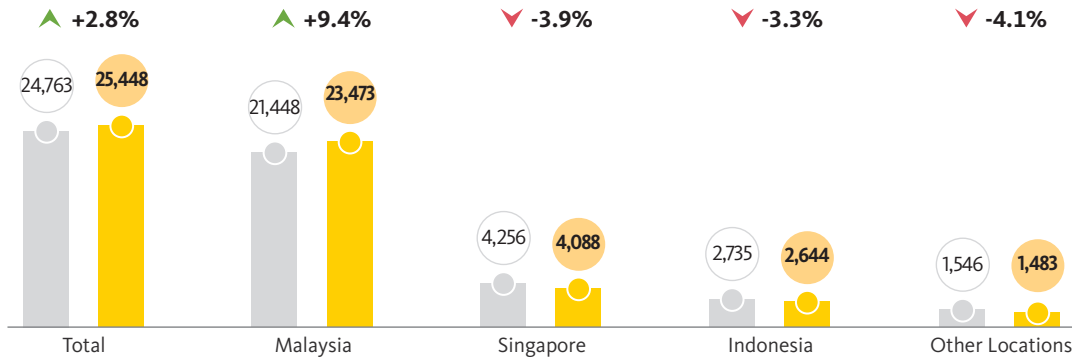
FINANCIAL PERFORMANCE

SEGMENTAL INFORMATION

■ FY 31 Dec 2020 ■ FY 31 Dec 2021

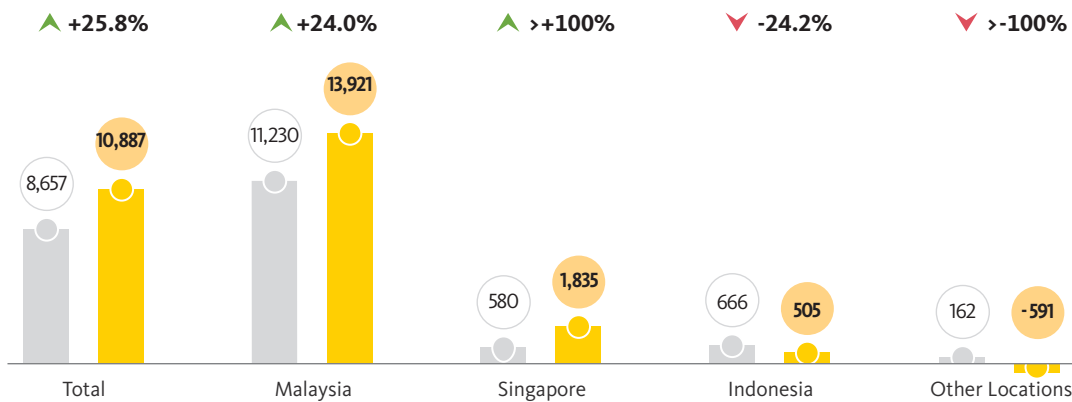
ANALYSIS BY GEOGRAPHICAL LOCATION

Net Operating Income (RM' million)



Note: Total net operating income includes inter-segment which are eliminated on consolidation of RM6,240 million for FY 31 December 2021 and RM5,222 million for FY 31 December 2020.

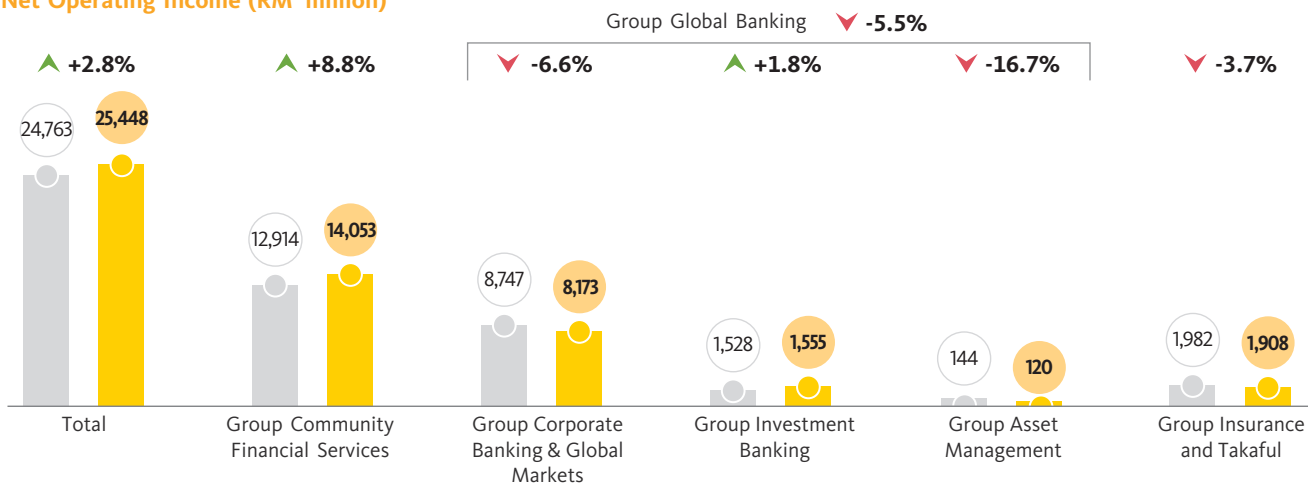
Profit Before Taxation and Zakat (RM' million)



Note: Total profit before taxation and zakat includes inter-segment which are eliminated on consolidation of RM4,783 million for FY 31 December 2021 and RM3,981 million for FY 31 December 2020.

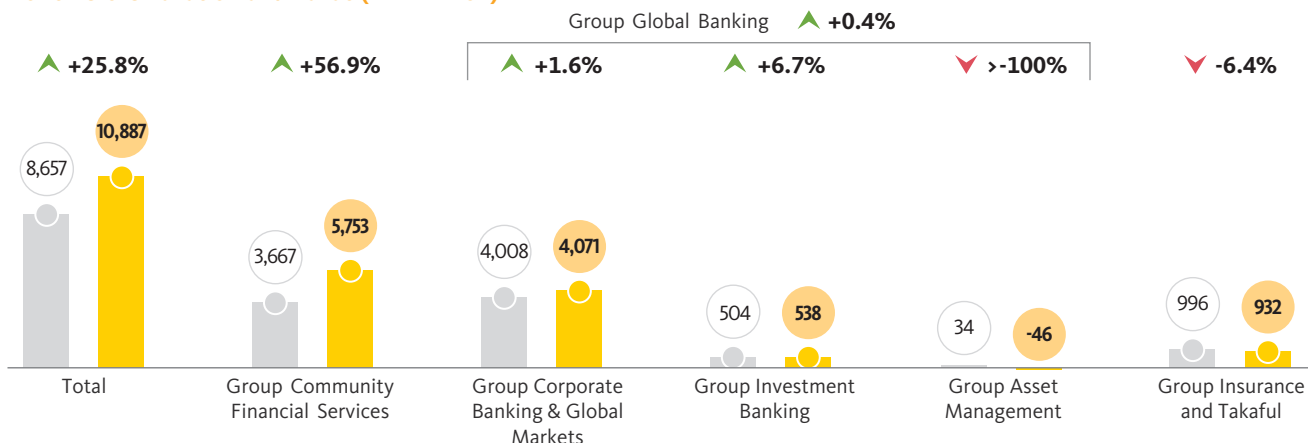
ANALYSIS BY BUSINESS SEGMENTS

Net Operating Income (RM' million)



Note: Total net operating income includes Head Office & Others of RM361 million for FY 31 December 2021 and RM552 million for FY 31 December 2020.

Profit Before Taxation and Zakat (RM' million)



Note: Total profit before taxation and zakat includes Head Office & Others of RM361 million for FY 31 December 2021 and RM552 million for FY 31 December 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 2021

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 2021, 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 FY2021 FINANCIAL RESULTS

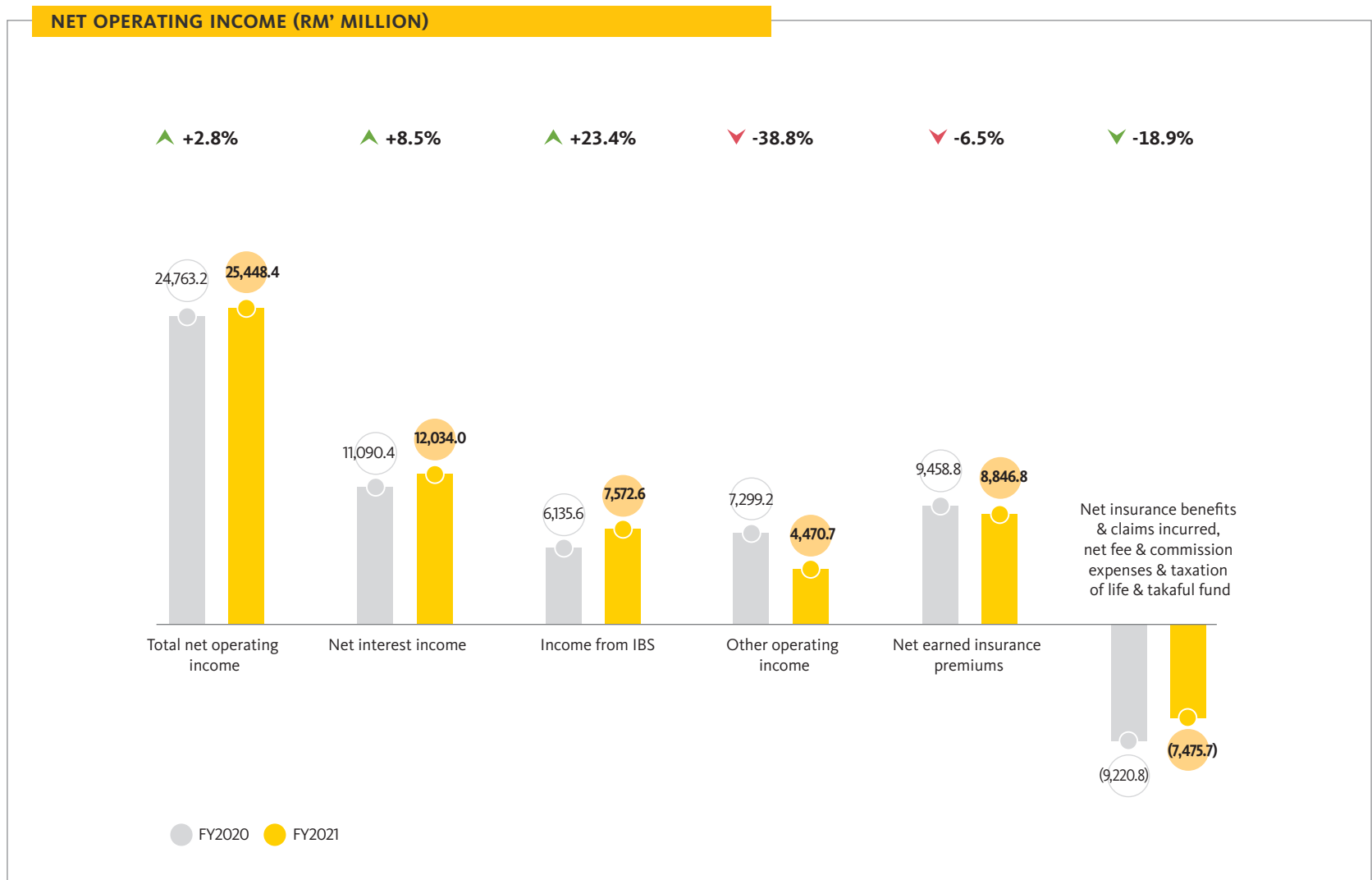
The Group recorded profit attributable to equity holders of the Bank of RM8,096.2 million in FY2021, an increase of RM1,615.0 million from FY2020.

The stronger profitability was significantly attributable to lower net allowances for impairment losses on loans, advances and financing of RM1,940.1 million, higher income from Islamic Banking Scheme ("IBS") operations of RM1,437.0 million and net interest income of RM943.6 million. The increases were, however, offset by lower other operating income of RM2,828.5 million.

The net allowances for impairment losses on loans, advances and financing in FY2021 was RM2,658.5 million in FY2021 as opposed to RM4,598.5 million taken in a year earlier. Provisioning for FY2021 was mainly attributed to management overlays for repayment assistance and targeted repayment assistance programmes, newly and existing impaired accounts as well as to facilitate the write-offs for some accounts across home markets.

NET OPERATING INCOME

The Group's net operating income grew 2.8% YoY, stood at RM25,448.4 million from RM24,763.2 million in FY2020. The improvement of RM685.2 million was contributed by higher income from IBS operations of RM1,437.0 million, lower net insurance benefits and claims incurred, net fee and commission expenses & taxation of life & takaful fund of RM1,745.1 million and higher net interest income of RM943.6 million. The increases were, however, offset by lower other operating income of RM2,828.5 million and lower net earned insurance premiums of RM612.0 million.



ANALYSIS OF FINANCIAL STATEMENTS

NET INTEREST INCOME

The Group's net interest income improved by RM943.6 million, mainly driven by net interest margin expansion from 2.1% in FY2020 to 2.3% in FY2021, as funding costs for deposits from customers reduced by RM2,148.0 million or 38.5% YoY, offset by a decrease in interest income on loans, advances and financing of RM1,800.4 million.

RM' million	FY2020	FY2021	Variance	% Change
Interest Income				
Loans, advances and financing	13,601.1	11,800.7	(1,800.4)	-13.2%
Money at call and deposit and placements with financial institutions	439.4	339.3	(100.1)	-22.8%
Financial investments portfolio	5,120.5	5,130.8	10.3	0.2%
Other interest income	189.8	(65.6)	(255.4)	-134.6%
	19,350.8	17,205.2	(2,145.6)	-11.1%
Interest Expense				
Deposits and placements from financial institutions	549.2	266.3	(282.9)	-51.5%
Deposits from customers	5,573.7	3,425.7	(2,148.0)	-38.5%
Borrowings, subordinated notes and bonds and capital securities	1,680.3	1,303.9	(376.4)	-22.4%
Financial liabilities at fair value through profit or loss	163.4	107.2	(56.2)	-34.4%
Structured deposit	62.1	19.9	(42.2)	-68.0%
Other interest expense	231.7	48.2	(183.5)	-79.2%
	8,260.4	5,171.2	(3,089.2)	-37.4%
Net Interest Income	11,090.4	12,034.0	943.6	8.5%

INCOME FROM IBS OPERATIONS

Income from IBS operations increased by RM1,437.0 million as a result of positive growth in fund based income of RM1,494.8 million, offset by lower fee based income of RM57.8 million.

The YoY growth in fund based income was supported by lower income attributable to depositors of RM1,270.8 million from the low overnight policy rate environment and improvement in liquidity and funding profile and increased in income from financial investments at amortised cost of RM300.6 million from growth in securities.

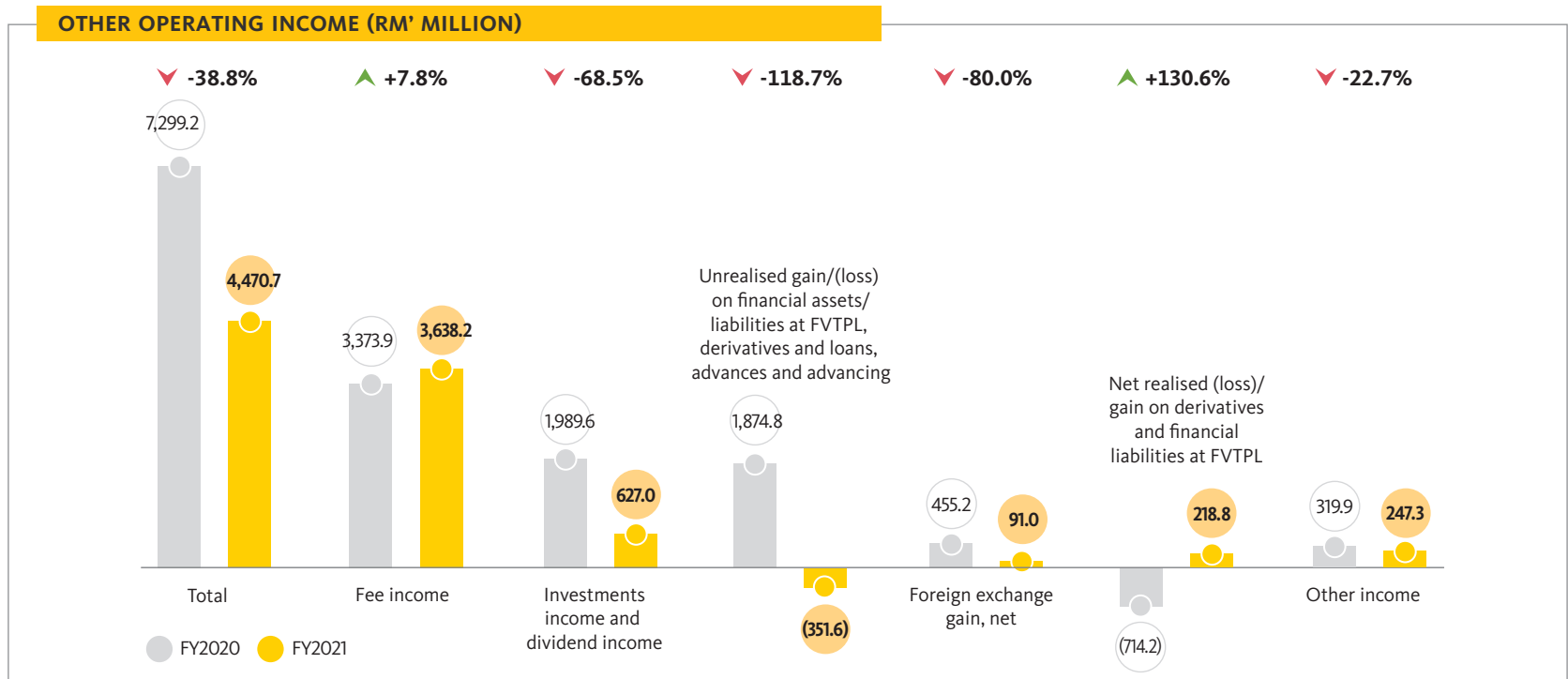
The fee based income on the other hand declined by RM57.8 million YoY primarily due to net foreign exchange loss of RM11.2 million in FY2021 as compared to net foreign exchange gain of RM97.8 million in FY2020, mitigated by higher core fees of RM64.6 million.

ANALYSIS OF FINANCIAL STATEMENTS

OTHER OPERATING INCOME

The Group's other operating income decreased by RM2,828.5 million or 38.8% YoY from RM7,299.2 million in FY2020 to RM4,470.7 million in FY2021 mainly due to lower net gain in investment income of RM1,420.8 million, unrealised mark-to-market loss on revaluation of derivatives of RM146.8 million, financial assets designated upon initial recognition at FVTPL of RM764.2 million and financial investments at FVTPL of RM235.8 million in FY2021 as compared to unrealised mark-to-market gain on revaluation of derivatives of RM1,014.0 million, financial assets designated upon initial recognition at FVTPL of RM282.5 million and financial investments at FVTPL of RM483.4 million in FY2020, and lower net gain on foreign exchange of RM364.2 million.

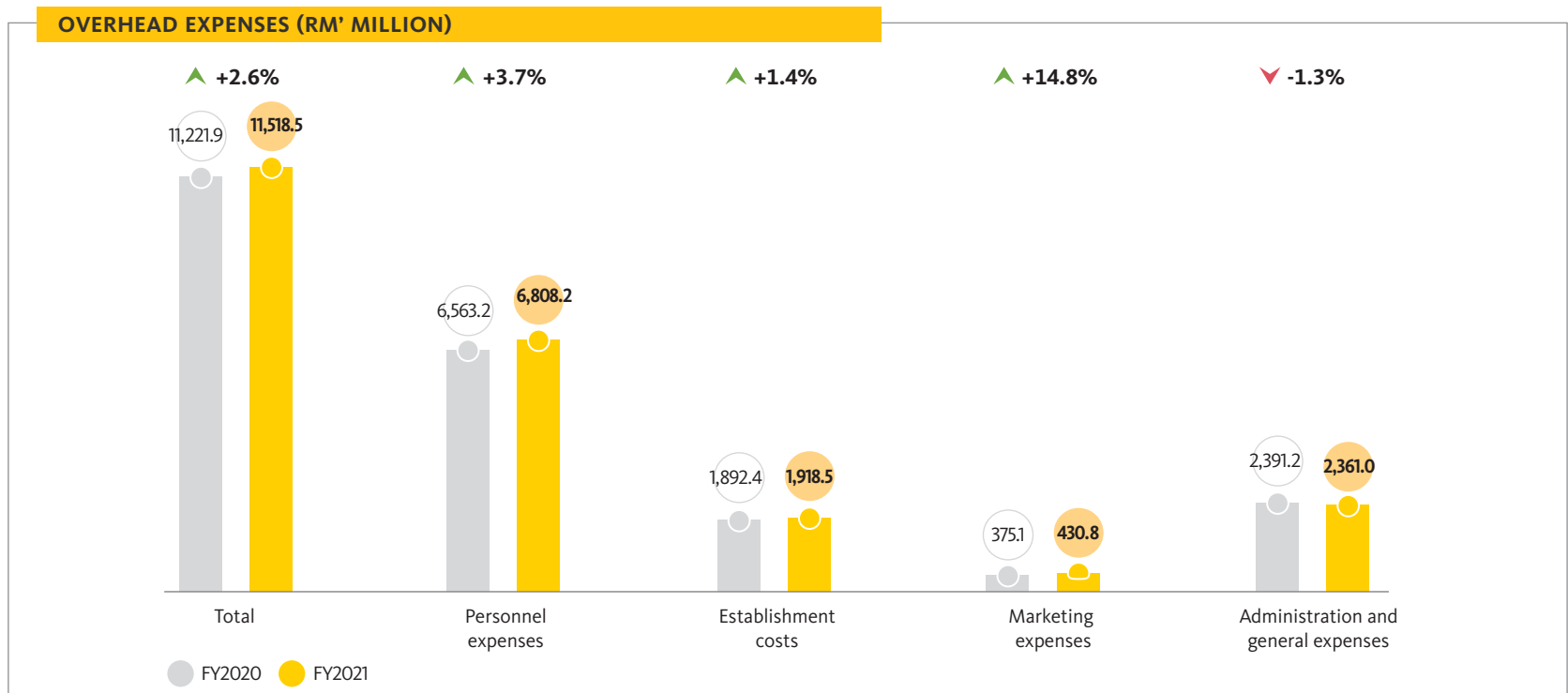
The decreases were, however, mitigated by realised gain on derivatives of RM357.1 million in FY2021 as compared to realised loss of RM626.9 million in FY2020, higher unrealised mark-to-market gain on revaluation of financial liabilities at FVTPL of RM700.8 million and higher fee income of RM264.3 million.



OVERHEAD EXPENSES

The cost discipline across the Group resulted in contained growth in overhead expenses of 2.6% YoY to RM11,518.5 million from RM11,221.9 million recorded in FY2020. The cost to income ratio flat at 45.3%.

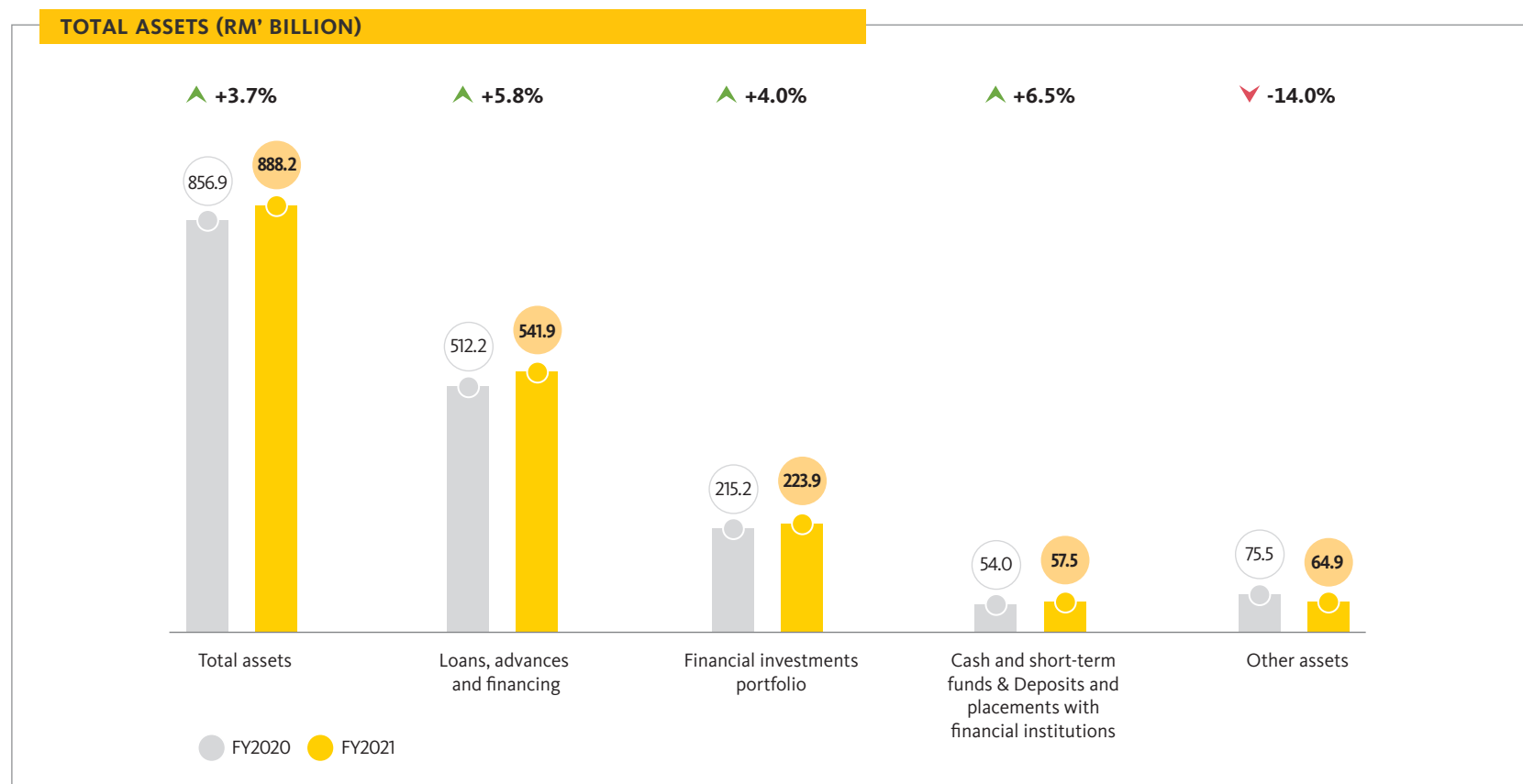
The increase in overhead expenses of RM296.6 million was mainly due to higher personnel expenses of RM245.0 million, higher marketing expenses of RM55.7 million and higher establishment costs of RM26.1 million. The increases were, however, mitigated by lower administration and general expenses of RM30.2 million.



ANALYSIS OF FINANCIAL STATEMENTS

TOTAL ASSETS

The Group's total assets grew by RM31.3 billion or 3.7% as at 31 December 2021 to RM888.2 billion from RM856.9 billion as at 31 December 2020 which was largely driven by the growth in loans, advances and financing of RM29.7 billion and financial investments portfolio of RM8.7 billion.



FINANCIAL INVESTMENTS PORTFOLIO

The Group's financial investments portfolio expanded by RM8.7 billion to RM223.9 billion as at 31 December 2021 arising from the growth in financial investments at amortised cost of RM14.1 billion, offset by a reduction in financial investments at fair value through other comprehensive income of RM5.1 billion and financial investments at fair value through profit or loss of RM0.3 billion.

LOANS, ADVANCES AND FINANCING

The Group's loans, advances and financing grew by 5.8% YoY to RM541.9 billion as at 31 December 2021 from RM512.2 billion as at 31 December 2020, driven by expansion in the Community Financial Services ("CFS") franchise in Malaysia and Singapore and the Global Banking ("GB") operations across our home markets. For more information, refer to page 38 of Corporate Book.

EXPOSURES TO COVID-19 IMPACTED SECTORS

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

RM' million	Maybank Group		Malaysia		Singapore		Indonesia	
	2020	2021	2020	2021	2020	2021	2020	2021
Retail and wholesale/trading	7,769.4	5,437.4	2,598.5	1,999.9	3,302.0	2,095.0	176.9	103.5
Accommodation	15,738.2	13,915.7	2,210.3	1,469.5	12,131.3	11,623.5	425.3	404.8
Travel agencies/tourism	1,898.1	864.9	174.6	98.7	71.4	74.6	8.8	8.5
Airline/aviation	345.8	482.2	178.4	322.2	22.5	22.5	144.9	137.4
Food and beverage services/restaurants	918.0	644.4	566.7	514.9	328.1	108.9	3.5	10.4
	26,669.5	21,344.6	5,728.5	4,405.2	15,855.3	13,924.5	759.4	664.6

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.

Summary of relief and support measures for retail and non-retail customers as at 31 December 2021:

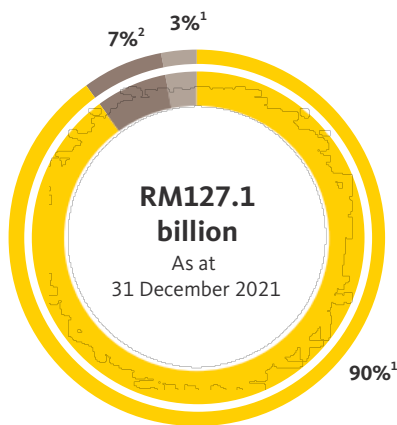
Group RM' million	Retail Customers							Non-retail Customers				Total Relief and Support Measures
	Mortgages	Unit Trust	Hire Purchase	Credit Card	Personal Financing	Others	Total	SMEs	Business Banking	Corporate Banking	Total	
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	40,662.1	7,190.5	18,842.0	254.3	560.2	199.8	67,708.9	12,905.4	15,918.8	30,572.7	59,396.9	127,105.8
Resumed repayments ¹	4,339.6	565.5	90.0	-	410.5	75.1	5,480.7	2,581.2	2,654.5	27,364.0	32,599.7	38,080.4
Extended or repaying as per revised schedules ²	35,489.9	6,317.6	17,174.8	236.0	139.0	121.8	59,479.1	10,010.4	12,705.1	2,862.9	25,578.4	85,057.5
Missed payments ³	832.6	307.4	1,577.2	18.3	10.7	2.9	2,749.1	313.8	559.2	345.8	1,218.8	3,967.9
<i>As a percentage of total:</i>												
Resumed repayments	11%	8%	0%	0%	73%	39%	8%	20%	17%	90%	55%	30%
Extended or repaying as per revised schedules	87%	88%	91%	93%	25%	61%	88%	78%	80%	9%	43%	67%
Missed payments	2%	4%	9%	7%	2%	0%	4%	2%	3%	1%	2%	3%

¹ Borrowers/customers who have resumed repayments during the year

² The Group and the Bank have approved and facilitated the borrowers/customers who have requested an extension for relief and support measures where the repayment is expected to resume in FY2022 (including borrowers/customers under moratoriums, repayment assistances and R&R granted in FY2020)

³ Borrowers/customers who have missed payments

ANALYSIS BY GEOGRAPHICAL LOCATIONS AND BUSINESS SEGMENTS



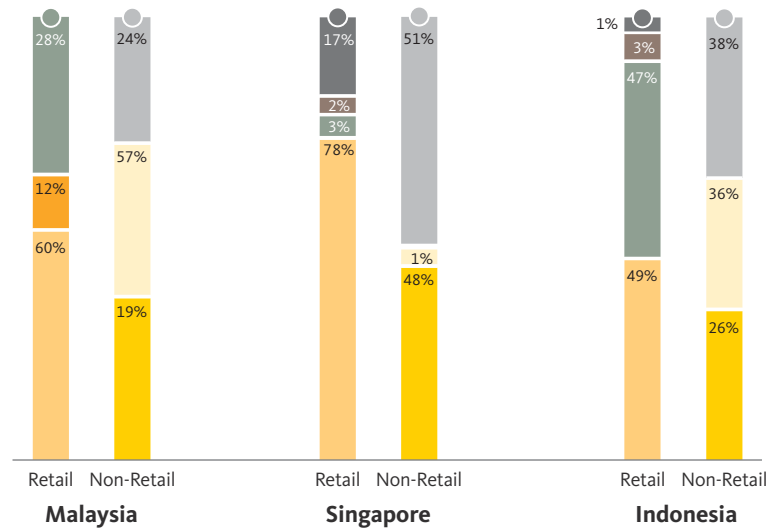
■ Malaysia ■ Singapore ■ Indonesia ■ Others

Retail

■ Mortgages
■ Unit Trust
■ Hire Purchase
■ Credit Card
■ Personal Financing
■ Others

Non-Retail

■ SMEs
■ Corporate Banking
■ Business Banking



As at 31 December 2021, total exposure for the relief support amounting to RM127.1 billion was granted to borrowers/customers who are affected by COVID-19 under various support measures known as Repayment Assistance ("RA"), Targeted Repayment Assistance ("TRA"), Inisiatif Pakej Perlindungan Rakyat dan Pemulihan Ekonomi ("PEMULIH") and R&R. This is largely contributed by Malaysia of 90%, followed by Singapore and Indonesia of 7% and 3% respectively.

¹ 67% of total extended or repaying as per revised schedules is mainly contributed by Malaysia and Indonesia of 95% and 4% respectively

² In Singapore, 92% of borrowers/customers have resumed payments upon the expiration of repayment assistance

ANALYSIS OF FINANCIAL STATEMENTS

COVID-19 CUSTOMER RELIEF AND SUPPORT MEASURES (CONT'D.)

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 (cont'd).

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

Group RM' million	Retail Customers							Non-retail Customers				Total Relief and Support Measures
	Mortgages	Unit Trust	Hire Purchase	Credit Card	Personal Financing	Others	Total	SMEs	Business Banking	Corporate Banking	Total	
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted¹	90,401.1	25,381.5	47,108.2	56.5	758.4	967.6	164,673.5	19,918.7	24,723.7	33,128.4	77,770.8	242,444.3
Resumed repayments	72,771.1	22,747.7	42,009.9	-	60.0	903.6	138,492.4	13,589.5	11,568.3	1,508.3	26,666.1	165,158.5
Extended or repaying as per revised schedules ²	15,623.7	1,865.8	4,747.8	41.2	685.1	40.4	23,004.1	5,789.3	12,493.1	31,595.1	49,877.5	72,881.6
Missed payments ³	2,006.3	768.0	350.5	15.3	13.3	23.6	3,177.0	539.9	662.3	25.0	1,227.2	4,404.2
<i>As a percentage of total:</i>												
Resumed repayments	81%	90%	89%	0%	8%	93%	84%	68%	47%	5%	34%	68%
Extended or 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%

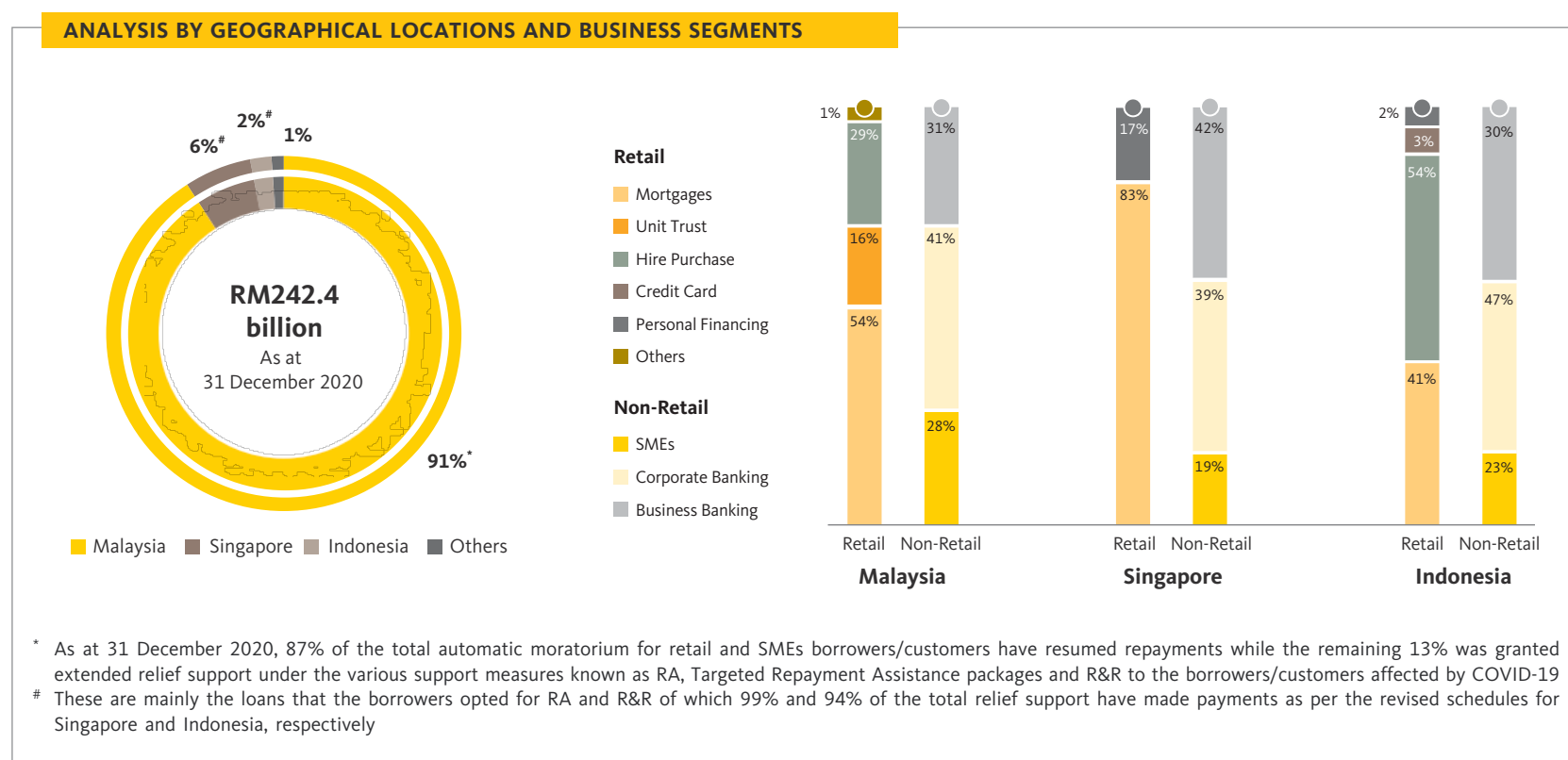
¹ This includes automatic moratorium granted by the Group and the Bank between March until September 2020 announced by Bank Negara Malaysia ("BNM") and Bangko Sentral ng Pilipinas ("BSP")

- 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

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

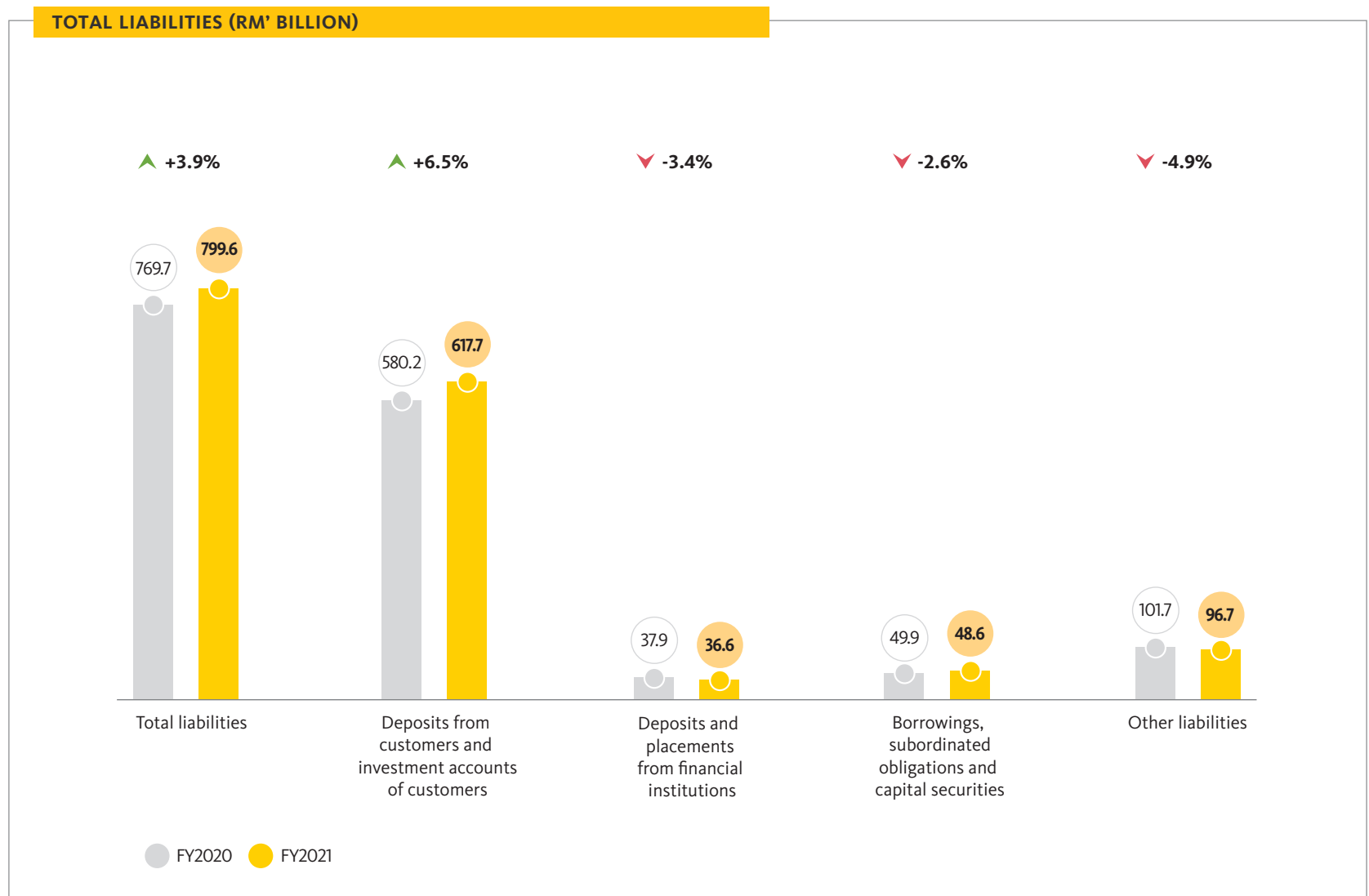
³ Borrowers/customers who have missed payments



ANALYSIS OF FINANCIAL STATEMENTS

TOTAL LIABILITIES

The Group's total liabilities expanded to RM799.6 billion as at 31 December 2021, an increase of 3.9% or RM29.9 billion. The higher total liabilities was primarily attributable to growth in deposits from customers and investment accounts of customers of RM37.5 billion, offset by a reduction in other liabilities of RM5.0 billion.



DEPOSITS FROM CUSTOMERS AND INVESTMENT ACCOUNTS OF CUSTOMERS

The Group's deposits from customers and investment accounts of customers saw a growth at 6.5% YoY, driven by growth in current account and savings account ("CASA") deposits supported by the Group targeted campaigns and effort to improve CASA stickiness. Group-wide CASA grew by 17.2% YoY, pushing Group CASA ratio to 47.1% as at 31 December 2021 from 42.8% in the prior year. For more information, refer to page 39 of Corporate Book.

DIRECTORS' REPORT

The Board of Directors has 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 2021.

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 65(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	10,886,595	7,743,960
Taxation and zakat	(2,565,080)	(866,058)
Profit for the financial year	8,321,515	6,877,902
Attributable to:		
Equity holders of the Bank	8,096,229	6,877,902
Non-controlling interests	225,286	-
	8,321,515	6,877,902

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, 45, 46 and 47 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(i) and Note 3.4 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Bank since 31 December 2020 (as disclosed in Note 52(c) to the financial statements) were as follows:

	RM'000
In respect of the financial year ended 31 December 2020 as reported in the directors' report of that year:	
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 and paid on 15 January 2021.	1,517,583*
Final dividend of 38.5 sen single-tier dividend consists of cash portion of 17.5 sen single-tier dividend per ordinary share and an electable portion of 21.0 sen per ordinary share, on 11,413,994,640 ordinary shares, approved on 6 May 2021 and paid on 28 June 2021.	4,394,388
In respect of the financial year ended 31 December 2021:	
A single-tier first interim dividend of 28.0 sen consists of cash portion of 14.0 sen single-tier dividend per ordinary share and an electable portion of 14.0 sen per ordinary share, on 11,693,337,909 ordinary shares, declared on 26 August 2021 and paid on 21 October 2021.	3,274,135
	9,186,106

* The financial statements reflect the net interim dividend of RM1,133,255,366 of which RM384,328,111 was the dividend payable made during the financial year ended 31 December 2020 on a portion of the electable portion of the single-tier interim dividends assumed to be paid in cash in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components).

Subsequent to the financial year end, on 24 February 2022, the Board of Directors declared a single-tier second interim dividend in respect of the current financial year ended 31 December 2021 of 30.0 sen single-tier dividend per ordinary share amounting to dividend payable of RM3,563,553,965 (based on 11,878,513,218 ordinary shares issued as at 31 December 2021).

The single-tier second interim dividend consists of cash portion of 22.5 sen per ordinary share to be paid in cash amounting to RM2,672,665,474 and an electable portion of 7.5 sen per ordinary share amounting to RM890,888,491. The electable portion can be elected to be reinvested in new ordinary shares in accordance with the DRP as disclosed in Note 33(b) to the financial statements.

The financial statements for the current financial year ended 31 December 2021 do not reflect this single-tier second interim dividend. Such dividend 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 2022.

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 33(c) 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	
30.09.2019 – Second Grant	13,118	Based on 3-year cliff vesting from grant date and performance metrics
30.09.2020 – Third Grant	13,541	
30.09.2021 – Fourth Grant	14,065	

(b) CESGP

Award date	Number of CESGP awarded* '000	Vesting date
14.12.2018 – First Grant	4,103	
30.09.2019 – Second Grant	5,000	Based on 3-year cliff vesting from grant date and CESGP vesting conditions
30.09.2020 – Third Grant	5,378	
30.09.2021 – Fourth Grant	5,616	

* 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.

During the financial year ended 31 December 2021, a total of 5,338,000 ESGP Shares and 1,615,200 CESGP under the First Grant had been vested to a selected group of eligible employees. The remaining grants have not been vested as at 31 December 2021.

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 2021:

Award date	Outstanding as at	Movements during the financial year			Outstanding as at
	01.01.2021 '000	Awarded '000	Vested '000	Forfeited '000	31.12.2021 '000
14.12.2018 – First Grant	11,011	–	(5,338)	(5,673)	–
30.09.2019 – Second Grant	12,398	–	–	(691)	11,707
30.09.2020 – Third Grant	13,514	–	–	(566)	12,948
30.09.2021 – Fourth Grant	–	14,065	–	(38)	14,027
	36,923	14,065	(5,338)	(6,968)	38,682

The following table illustrates the number of, and movements in, CESGP during the financial year ended 31 December 2021:

Award date	Outstanding as at	Movements during the financial year			Outstanding as at
	01.01.2021 '000	Awarded '000	Vested '000	Forfeited '000	31.12.2021 '000
14.12.2018 – First Grant	3,430	–	(1,615)	(1,815)	–
30.09.2019 – Second Grant	4,502	–	–	(483)	4,019
30.09.2020 – Third Grant	5,243	–	–	(550)	4,693
30.09.2021 – Fourth Grant	–	5,616	–	(127)	5,489
	13,175	5,616	(1,615)	(2,975)	14,201

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 2021.

The names of employees who have been awarded with the ESGP Shares and CESGP during the financial year ended 31 December 2021 and have 312,000 shares and above are as follows:

Name	Number of ESGP Shares awarded '000	Number of CESGP awarded '000
Dato' Sri Abdul Farid bin Alias	900	–
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
Mr Hon Kah Cho	312	–
Mr Kamaludin bin Ahmad	312	–
Mr Mohd Suhail Amar Suresh bin Abdullah	312	–
Mr Gilbert August Alfred Kohnke	312	–
Mr Foong Seong Yew	312	–
Mr Taswin Zakaria	–	312

ISSUANCE OF SHARES AND DEBENTURES

The following are the changes in debt and equity securities for the Group and the Bank during the financial year ended 31 December 2021:

- (i) During the financial year ended 31 December 2021, the Bank increased its issued and paid-up ordinary shares from 11,241,361,887 units to 11,878,513,218 units via:
 - (a) Issuance of 172,632,753 new ordinary shares amounting to RM1,324,685,273 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, as disclosed in Note 52(c)(i) to the financial statements;
 - (b) Issuance of 279,343,269 new ordinary shares amounting to RM2,107,519,293 arising from the DRP relating to electable portion of the single-tier final dividend of 21.0 sen in respect of the financial year ended 31 December 2020, as disclosed in Note 52(c)(ii) to the financial statements;
 - (c) Issuance of 179,814,209 new ordinary shares amounting to RM1,401,131,296 arising from the DRP relating to electable portion of the single-tier first interim dividend of 14.0 sen in respect of the financial year ended 31 December 2021, as disclosed in Note 52(c)(iii) to the financial statements; and
 - (d) Issuance of 5,361,100 new ordinary shares amounting to RM42,781,578 arising from the Employees Shares Grant Plan ("ESGP"), as disclosed in Note 33(c)(i) to the financial statements.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Bank.

- (ii) During the financial year ended 31 December 2021, the Group and the Bank made various issuances and redemptions of debt securities, as disclosed in Notes 25, 30, 31 and 32 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 Zamzamairani bin Mohd Isa (Chairman)
 Dato' Sri 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
 Ms Shirley Goh (Appointed on 1 December 2021)

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 67 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 44 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' REPORT

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 01.01.2021/ Date of appointment	Issued pursuant to ESGP	Issued pursuant to DRP	As at 31.12.2021
Direct interest				
Dato' Sri Abdul Farid bin Alias	646,865	150,000	41,821	838,686
Ms Fauziah binti Hisham	19,790	-	1,278	21,068
Indirect interest				
Ms Shirley Goh*	10,000	-	-	10,000

* Interest by virtue of shares held by spouse.

	Award date	Number of ESGP Shares awarded				Outstanding as at 31.12.2021
		Outstanding as at 01.01.2021	Awarded	Vested	Forfeited	
Dato' Sri Abdul Farid bin Alias	14.12.2018 – First Grant	300,000	-	(150,000)	(150,000)	-
	30.09.2019 – Second Grant	300,000	-	-	-	300,000
	30.09.2020 – Third Grant	300,000	-	-	-	300,000
	30.09.2021 – Fourth Grant	-	300,000	-	-	300,000
		900,000	300,000	(150,000)	(150,000)	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.

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")	21 January 2022	Issuer Credit Rating Junior Subordinated Senior Unsecured Senior Unsecured Subordinated	A-/Negative/A-2 BB+ A- A-2 BBB
Moody's Investors Service	20 January 2022	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 (P)Baa2 (P)Baa3 P-2 A2/P-1

RATING BY EXTERNAL RATING AGENCIES (CONT'D.)

Details of the Bank's ratings are as follows (cont'd.):

Rating agency	Date	Rating classification	Rating received
RAM Ratings	27 December 2021	Financial Institution Ratings	
		– National Scale	AAA/Stable/P1
		– ASEAN Scale	seaAAA/Stable/seaP1
		RM20 billion Subordinated Note Programme (2012/-)	AA1/Stable
		RM10 billion Additional Tier-1 Capital Securities Programme (2014/-)	AA3/Stable
		RM30 billion Sukuk Programme (2017/-)	
		– Senior Sukuk Murabahah	AAA/Stable
		– Subordinated Sukuk Murabahah	AA1/Stable
		– Additional Tier-1 Sukuk Mudharabah	AA3/Stable
		RM10 billion Commercial Papers/Medium Term Notes Programme (2016/2023)	AAA/Stable/P1
		RM10 billion Senior Medium Term Notes Programme (2015/-)	AAA/Stable
Japan Credit Rating Agency	3 December 2021	Foreign Currency Long-term Issuer Rating	A
		Outlook	Stable
		Bond	A
China Chengxin International ("CCXI")	28 July 2021	Issuer's Credit Rating	AAA
		Outlook	Stable
		Renminbi Bond Credit Rating	AAA

BUSINESS OUTLOOK

Global economies rebounded in 2021 arising from the impact of significant monetary and fiscal support, coupled with the gradual reopening of economic activity facilitated by COVID-19 mass vaccinations, following the pandemic-induced recession in 2020. The trajectory of recovery was uneven between countries due to diverging pace of vaccination rollouts, as well as a resurgence in infections from the emergence of new variants, resulting in re-introduction of restriction and containment measures. In addition, inflationary pressures rose due to a surge in commodity prices and supply chain bottlenecks from supply-demand imbalances.

Global recovery in 2022 is expected to remain uneven despite the progress in vaccination coverage enabling broader and sustained economic opening amidst the emergence of newer variants. Persisting inflationary pressure is expected to lead to the normalisation of monetary policies, albeit at varying speeds, whereas fiscal policies are seen to remain expansionary this year.

In Malaysia, economic recovery is expected to be firmer and broad-based on sustained economic reopening (2022E: +6.0%) after an uneven and underwhelming recovery in 2021 of +3.1%. Domestic economic growth is expected to have better traction and gain stronger momentum in 2022, enabled by the mass immunisation and transition to the endemic phase of COVID-19. The Government's plan to open the country's international borders by 2Q 2022 will likely have multiplier effects across various industries which broadens growth. The Overnight Policy Rate is anticipated to remain at a record low of 1.75% throughout most of 2022, before a rate hike is expected in 4Q 2022. Fiscal policy in 2022 remains expansionary with the budget deficit at 6.0% of GDP (2021: 6.5% of GDP).

In Singapore, GDP growth is expected to moderate to +3.8% in 2022E after a strong recovery of +7.6% in 2021. The recovery will likely broaden to consumer-facing, travel-related services and the construction sector, while the manufacturing sector's momentum will taper from last year's high base. Inflation is rising on both cyclical and structural factors, and is expected to peak in 2Q 2022 before easing in the second half of the year. The Monetary Authority of Singapore may further tighten its policy stance in April 2022 given rising core inflation risks by re-centering the SGD NEER band, following the inter-meeting move to adjust the SGD NEER from +0.5% per annum to +1% in January 2022. Budget 2022 stays expansionary with a small deficit of SGD3 billion (0.5% of GDP), following the deficit of 0.9% of GDP in 2021.

In Indonesia, GDP growth is expected to be firmer at +5.4% for 2022E, following the soft +3.7% rebound in 2021. Domestic demand will lead the recovery in 2022 on the back of the country's increasing vaccination rate, improving consumer confidence, as well as rising investments driven by the Electric Vehicle industry and infrastructure development. Inflation is expected to edge up on the back of improving consumer demand, high commodity prices and the 1% hike in Value Added Tax effective 1 April 2022. Bank Indonesia (BI) is expected to deliver three +25bps rate hikes to 4.25% by end-2022 to maintain stability of the IDR as the US Federal Reserve starts to normalise its monetary policy. BI will continue funding the fiscal deficit of 4.3% of GDP in 2022E by buying government bonds, but may scale down its purchasing should the US Federal Reserve tighten more aggressively.

Overall, a better outlook is expected for 2022 driven by broader and sustained economic re-openings, easing of border controls and higher vaccination rates. Maybank Group remains committed in supporting the economic recovery across our home markets by enabling access for financial support to our customers to strengthen their financial positions and capitalise on emerging growth opportunities. As more customers experience an easing of cash flow pressures on sustained recovery, the Group will continue to proactively engage with customers on a targeted basis to extend additional support for those in need and as part of our robust asset quality management process.

With expectations of improved mobility, Maybank will also look to defend its low-cost deposits' base to maintain its net interest margin position. Concurrently, the Group will continue to drive fee-based income growth through our wealth management, global markets, investment banking, asset management and insurance segments. Maybank will leverage its extensive digital ecosystem and domestic franchise strength to deepen market penetration and capture underserved segments. The Group will invest strategically in its digital infrastructure and sustainability commitments in line with its M25 ambitions.

As part of the M25 strategic priorities, Maybank will focus its efforts on driving greater financial inclusion, offering more sustainable financing and solutions as well as supporting the move towards a responsible transition to a low-carbon economy.

Although overall sustained economic recovery is expected in 2022, the Group anticipates that its return on equity for FY2022 will be similar to that of FY2021 and has set a Headline KPI of between 9.5% and 10%, taking into consideration the impact from the higher one-off Prosperity Tax announced by the federal government of Malaysia.

DIRECTORS' REPORT

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.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 62 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 2022 to 24 February 2022.

AUDITORS

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

Auditors' remuneration are disclosed in Note 43 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 24 February 2022.



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



Dato' Sri Abdul Farid bin Alias

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Sri Zamzamairani bin Mohd Isa and Dato' Sri 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 29 to 267 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 2021 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 24 February 2022.



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



Dato' Sri Abdul Farid bin Alias

STATUTORY DECLARATION

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

I, Khalijah binti Ismail, 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 267 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.

Subscribed and solemnly declared by
the abovenamed Khalijah binti Ismail
at Kuala Lumpur in the Federal Territory
on 24 February 2022

Before me,



Khalijah binti Ismail

Lot 333, 3rd Floor
Wisma New Asia
Jalan Raja Chulan
50200 Kuala Lumpur



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 2021 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 267.

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 2021, 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 2021 stood at RM5.6 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 2021, the carrying amount of investment in subsidiaries (Bank only) stood at RM33.2 billion and interest in associates (Group and Bank) stood at RM2.5 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>

INDEPENDENT AUDITORS' REPORT

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

Key audit matters (cont'd.)

Risk area and rationale	Our response
<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 2021, the loans, advances and financing represent 61% and 49% 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 21% and 23% 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 Notes 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, 45, 46, 54(b), 54(c) and 54(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 modelling 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 auditor's 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.

**INDEPENDENT
AUDITORS' REPORT**

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

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, related safeguards actions taken to eliminate threats or safeguards applied.

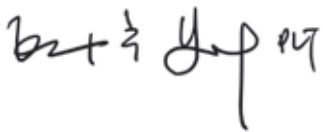
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless 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 65 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
24 February 2022



Chan Hooi Lam
No. 02844/02/2024 J
Chartered Accountant

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STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Cash and short-term funds	5	41,483,926	43,884,714	25,725,348	24,106,030
Deposits and placements with financial institutions	6	16,037,048	10,128,931	31,482,634	15,268,348
Financial assets purchased under resale agreements	7(i)	13,491,753	17,543,987	12,079,652	14,849,421
Financial assets designated upon initial recognition at fair value through profit or loss	8	13,181,866	14,028,031	–	–
Financial investments at fair value through profit or loss	9	27,775,493	27,179,846	14,003,854	18,189,480
Financial investments at fair value through other comprehensive income	10	122,393,954	127,502,681	70,663,061	75,533,793
Financial investments at amortised cost	11	60,532,190	46,475,916	41,574,896	39,856,983
Loans, advances and financing to financial institutions	12(i)	1,048,566	899,986	30,836,296	30,042,986
Loans, advances and financing to customers	12(ii)	540,839,323	511,310,107	209,286,971	199,881,476
Derivative assets	13	12,757,475	19,907,957	12,498,439	19,713,802
Reinsurance/retakaful assets and other insurance receivables	14	7,515,864	5,778,581	–	–
Other assets	15	8,644,931	10,236,874	3,550,530	4,116,602
Investment properties	16	975,048	941,545	–	–
Statutory deposits with central banks	17	7,514,129	7,468,213	1,695,478	1,647,066
Investment in subsidiaries	18	–	–	33,205,773	30,903,363
Interest in associates and joint ventures	19	2,491,435	2,680,402	440,730	440,730
Property, plant and equipment	20	2,129,989	2,206,849	882,119	941,767
Right-of-use assets	21	1,170,564	1,245,454	550,126	424,139
Intangible assets	22	6,683,461	6,648,504	406,681	387,660
Deferred tax assets	29	1,505,378	790,936	468,101	–
Total assets		888,172,393	856,859,514	489,350,689	476,303,646
Liabilities					
Customers' funding:					
– Deposits from customers	23	588,967,633	556,349,372	276,558,866	250,025,335
– Investment accounts of customers*	64(t)	28,720,799	23,840,796	–	–
Deposits and placements from financial institutions	24	36,583,073	37,878,866	41,567,510	34,720,115
Obligations on financial assets sold under repurchase agreements	7(ii)	7,873,717	11,131,215	24,785,841	36,922,305
Derivative liabilities	13	12,638,175	19,151,751	12,374,656	18,724,393
Financial liabilities at fair value through profit or loss	25	10,696,966	10,161,921	10,696,966	10,161,921
Bills and acceptances payable		1,077,986	997,663	430,450	458,617
Insurance/takaful contract liabilities and other insurance payables	26	42,093,615	37,694,765	–	–
Other liabilities	27	21,502,096	21,027,915	8,882,522	7,810,067
Provision for taxation and zakat	28	311,385	151,919	–	66,120
Deferred tax liabilities	29	539,066	1,470,856	–	377,830
Borrowings	30	35,548,352	38,097,224	28,289,884	33,134,255
Subordinated obligations	31	10,239,277	8,967,831	9,827,722	8,808,639
Capital securities	32	2,827,832	2,827,793	2,827,832	2,827,793
Total liabilities		799,619,972	769,749,887	416,242,249	404,037,390
Equity attributable to equity holders of the Bank					
Share capital	33	53,156,473	48,280,355	53,156,473	48,280,355
Shares held-in-trust	33(d)	(1,274)	–	(1,274)	–
Retained profits	34	29,629,726	29,494,627	15,236,418	16,809,095
Reserves	35	3,026,497	6,661,665	4,716,823	7,176,806
		85,811,422	84,436,647	73,108,440	72,266,256
Non-controlling interests		2,740,999	2,672,980	–	–
		88,552,421	87,109,627	73,108,440	72,266,256
Total liabilities and shareholders' equity		888,172,393	856,859,514	489,350,689	476,303,646
Commitments and contingencies	53	1,176,244,045	1,305,384,589	1,081,179,600	1,225,860,019
Net assets per share attributable to equity holders of the Bank		RM7.22	RM7.51	RM6.15	RM6.43

* Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

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

INCOME STATEMENTS

For the financial year ended 31 December 2021

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating revenue	36	45,959,390	51,030,965	23,181,109	24,361,776
Interest income	37	17,205,258	19,350,764	11,610,664	12,959,184
Interest expense	38	(5,171,213)	(8,260,375)	(3,384,660)	(5,308,438)
Net interest income		12,034,045	11,090,389	8,226,004	7,650,746
Income from Islamic Banking Scheme operations	64(b)	7,572,599	6,135,582	-	-
		19,606,644	17,225,971	8,226,004	7,650,746
Net earned insurance premiums	39	8,846,782	9,458,856	-	-
Dividends from subsidiaries and associates	40	-	-	3,959,559	2,640,114
Other operating income	41	4,470,670	7,299,202	3,004,912	4,161,005
Total operating income		32,924,096	33,984,029	15,190,475	14,451,865
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	42	(7,475,699)	(9,220,803)	-	-
Net operating income		25,448,397	24,763,226	15,190,475	14,451,865
Overhead expenses	43	(11,518,539)	(11,221,906)	(5,022,895)	(4,784,188)
Operating profit before impairment losses		13,929,858	13,541,320	10,167,580	9,667,677
Allowances for impairment losses on loans, advances, financing and other debts, net	45	(2,658,541)	(4,598,581)	(2,554,384)	(2,558,275)
(Allowances for)/writeback of impairment losses on financial investments, net	46	(598,298)	(413,918)	89,413	(149,466)
Writeback of/(allowances for) impairment losses on other financial assets and goodwill, net	47	27,393	(81,012)	41,351	(30,926)
Operating profit		10,700,412	8,447,809	7,743,960	6,929,010
Share of profits in associates and joint ventures	19	186,183	209,147	-	-
Profit before taxation and zakat		10,886,595	8,656,956	7,743,960	6,929,010
Taxation and zakat	48	(2,565,080)	(1,937,877)	(866,058)	(963,883)
Profit for the financial year		8,321,515	6,719,079	6,877,902	5,965,127
Attributable to:					
Equity holders of the Bank		8,096,229	6,481,219	6,877,902	5,965,127
Non-controlling interests		225,286	237,860	-	-
		8,321,515	6,719,079	6,877,902	5,965,127
Earnings per share attributable to equity holders of the Bank					
Basic (sen)	51(a)	69.7	57.7		
Diluted (sen)	51(b)	69.7	57.7		
Dividends per ordinary share held by equity holders of the Bank in respect of the financial year (sen)					
Paid – First interim for the financial year ended 31 December 2020	52			13.50	-
Paid – First interim for the financial year ended 31 December 2021	52			28.00	-
Payable – First interim for financial year ended 31 December 2020	52			-	13.50
Paid – Second interim for the financial year ended 31 December 2019	52			-	39.00
– Final for the financial year ended 31 December 2020	52			38.50	-
Declared – Second interim for the financial year ended 31 December 2021	52(a)			30.00	-
Proposed – Final for the financial year ended 31 December 2020				-	38.50

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the financial year		8,321,515	6,719,079	6,877,902	5,965,127
Other comprehensive (loss)/income:					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Defined benefit plan actuarial gain	27(i)(b)	28,694	15,586	-	-
Income tax effect	29	(6,426)	(6,911)	-	-
Net (loss)/gain from change in fair value on equity instruments at fair value through other comprehensive income		(5,910)	57,365	(3,544)	62,422
		16,358	66,040	(3,544)	62,422
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net (loss)/gain on debt instruments at fair value through other comprehensive income		(3,330,589)	1,484,970	(2,327,000)	938,754
- Net (loss)/gain from change in fair value		(3,780,807)	1,566,740	(2,560,698)	917,572
- Changes in expected credit losses		(418,316)	245,897	(403,914)	235,641
- Income tax effect	29	868,534	(327,667)	637,612	(214,459)
Net gain/(loss) on foreign exchange translation		611,558	(484,026)	189,292	(67,106)
Net (loss)/gain on net investment hedge	13	(4,687)	2,922	-	-
Cost of hedging for fair value hedge	13	(5,810)	13,150	(5,810)	13,150
Net gain/(loss) on capital reserve		863	(2,446)	-	-
Share of change in associates' reserve		(172,126)	15,454	-	-
		(2,900,791)	1,030,024	(2,143,518)	884,798
Other comprehensive (loss)/income for the financial year, net of tax		(2,884,433)	1,096,064	(2,147,062)	947,220
Total comprehensive income for the financial year		5,437,082	7,815,143	4,730,840	6,912,347
Other comprehensive (loss)/income for the financial year, attributable to:					
Equity holders of the Bank		(2,832,798)	1,093,958	(2,147,062)	947,220
Non-controlling interests		(51,635)	2,106	-	-
		(2,884,433)	1,096,064	(2,147,062)	947,220
Total comprehensive income for the financial year, attributable to:					
Equity holders of the Bank		5,263,431	7,575,177	4,730,840	6,912,347
Non-controlling interests		173,651	239,966	-	-
		5,437,082	7,815,143	4,730,840	6,912,347

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Group	Attributable to equity holders of the Bank											
	Non-distributable											Total Equity RM'000
	Share Capital (Note 33) RM'000	Shares Held-in-trust (Note 33(d)) RM'000	Statutory Reserve (Note 35(a)) RM'000	Regulatory Reserve (Note 35(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 35) RM'000	Exchange Fluctuation Reserve (Note 35) RM'000	ESGP Reserve (Note 35) RM'000	Other Reserves (Note 35(c)) RM'000	*Retained Profits (Note 34) RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	
At 1 January 2021	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	
Profit for the financial year	-	-	-	-	-	-	-	-	8,096,229	8,096,229	225,286	8,321,515
Other comprehensive (loss)/income	-	-	-	-	(3,323,319)	478,844	-	11,677	-	(2,832,798)	(51,635)	(2,884,433)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	21,354	-	21,354	914	22,268
Share of associates' reserve	-	-	-	-	(34,448)	(137,678)	-	-	-	(172,126)	-	(172,126)
Net gain/(loss) on foreign exchange translation	-	-	-	-	-	616,522	-	-	-	616,522	(4,964)	611,558
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(3,288,871)	-	-	-	-	(3,288,871)	(47,628)	(3,336,499)
Net loss on net investment hedge	-	-	-	-	-	-	-	(4,687)	-	(4,687)	-	(4,687)
Cost of hedging for fair value hedge	-	-	-	-	-	-	-	(5,810)	-	(5,810)	-	(5,810)
Net gain on capital reserve	-	-	-	-	-	-	-	820	-	820	43	863
Total comprehensive (loss)/income for the financial year	-	-	-	-	(3,323,319)	478,844	-	11,677	8,096,229	5,263,431	173,651	5,437,082
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	(14,545)	-	-	-	14,545	-	-	-
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 33(c))	-	-	-	-	-	-	39,328	-	40,457	79,785	-	79,785
Effects of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	(25,183)	(25,183)
Effect of net acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	-	10,137	10,137
Transfer to statutory reserve (Note 35(a))	-	-	14,549	-	-	-	-	-	(14,549)	-	-	-
Transfer from regulatory reserve (Note 35(b))	-	-	-	(800,194)	-	-	-	-	800,194	-	-	-
Issue of shares pursuant to Maybank Group ESGP	42,782	(1,274)	-	-	-	-	(41,508)	-	-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 33(b))	4,833,336	-	-	-	-	-	-	-	-	4,833,336	-	4,833,336
Dividends paid (Note 52)	-	-	-	-	-	-	-	-	(8,801,777)	(8,801,777)	(90,586)	(8,892,363)
Total transactions with shareholders/other equity movements	4,876,118	(1,274)	14,549	(800,194)	(14,545)	-	(2,180)	-	(7,961,130)	(3,888,656)	(105,632)	(3,994,288)
At 31 December 2021	53,156,473	(1,274)	332,372	1,315,261	1,234,705	351,277	94,006	(301,124)	29,629,726	85,811,422	2,740,999	88,552,421

* Retained profits include distributable and non-distributable profits arising from Non-Discretionary Participation Features ("Non-DPF") surplus of an insurance subsidiary. Refer to Note 34 for further details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Group	Attributable to equity holders of the Bank											
	Non-distributable										Total Equity RM'000	
	Share Capital (Note 33) RM'000	Statutory Reserve (Note 35(a)) RM'000	Regulatory Reserve (Note 35(b)) RM'000	Fair Value Through Other Comprehensive		Exchange Fluctuation Reserve (Note 35) RM'000	ESGP Reserve (Note 35) RM'000	Other Reserves (Note 35(c)) RM'000	*Retained Profits (Note 34) RM'000	Total Shareholders' Equity RM'000		Non- Controlling Interests RM'000
				Income Reserve (Note 35) RM'000	Exchange Reserve (Note 35) RM'000							
At 1 January 2020	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)	
Total comprehensive income/(loss) for the financial year	-	-	-	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 33(c))	-	-	-	-	-	58,991	-	-	58,991	-	58,991	
Effects of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	24,235	24,235	
Transfer to statutory reserve (Note 35(a))	-	38,468	-	-	-	-	-	(38,468)	-	-	-	
Transfer from regulatory reserve (Note 35(b))	-	-	(656,351)	-	-	-	-	656,351	-	-	-	
Dividends paid (Note 52)	-	-	-	-	-	-	-	(4,384,131)	(4,384,131)	(89,507)	(4,473,638)	
Dividends payable (Note 52(c)(i))	-	-	-	-	-	-	-	(384,328)	(384,328)	-	(384,328)	
Total transactions with shareholders/ other equity movements	-	38,468	(656,351)	(1,085)	-	58,991	-	(4,149,491)	(4,709,468)	(65,272)	(4,774,740)	
At 31 December 2020	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 34 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 2021

Bank	Attributable to equity holders of the Bank									
	Non-distributable									Total Equity RM'000
	Share Capital (Note 33) RM'000	Shares Held-in-trust (Note 33(d)) RM'000	Statutory Reserve (Note 35(a)) RM'000	Regulatory Reserve (Note 35(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 35) RM'000	Exchange Fluctuation Reserve (Note 35) RM'000	ESGP Reserve (Note 35) RM'000	Hedge Reserve (Note 35(c)) RM'000	Distributable Retained Profits (Note 34) RM'000	
At 1 January 2021	48,280,355	-	69,518	1,495,500	3,261,447	2,241,350	96,186	12,805	16,809,095	72,266,256
Profit for the financial year	-	-	-	-	-	-	-	-	6,877,902	6,877,902
Other comprehensive (loss)/income	-	-	-	-	(2,330,544)	189,292	-	(5,810)	-	(2,147,062)
Net gain on foreign exchange translation	-	-	-	-	-	189,292	-	-	-	189,292
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(2,330,544)	-	-	-	-	(2,330,544)
Cost of hedging for fair value hedge (Note 35(c))	-	-	-	-	-	-	-	(5,810)	-	(5,810)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(2,330,544)	189,292	-	(5,810)	6,877,902	4,730,840
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	(620)	-	-	-	620	-
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 33(c))	-	-	-	-	-	-	39,328	-	40,457	79,785
Transfer to statutory reserve (Note 35(a))	-	-	5,178	-	-	-	-	-	(5,178)	-
Transfer from regulatory reserve (Note 35(b))	-	-	-	(315,299)	-	-	-	-	315,299	-
Issue of shares pursuant to Maybank Group ESGP	42,782	(1,274)	-	-	-	-	(41,508)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 33(b))	4,833,336	-	-	-	-	-	-	-	-	4,833,336
Dividends paid (Note 52)	-	-	-	-	-	-	-	-	(8,801,777)	(8,801,777)
Total transactions with shareholders/other equity movements	4,876,118	(1,274)	5,178	(315,299)	(620)	-	(2,180)	-	(8,450,579)	(3,888,656)
At 31 December 2021	53,156,473	(1,274)	74,696	1,180,201	930,283	2,430,642	94,006	6,995	15,236,418	73,108,440

Bank	Attributable to equity holders of the Bank									
	Non-distributable									Total Equity RM'000
	Share Capital (Note 33) RM'000	Statutory Reserve (Note 35(a)) RM'000	Regulatory Reserve (Note 35(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 35) RM'000	Exchange Fluctuation Reserve (Note 35) RM'000	ESGP Reserve (Note 35) RM'000	Hedge Reserve (Note 35(c)) RM'000	Distributable Retained Profits (Note 34) RM'000		
At 1 January 2020	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 35(c))	-	-	-	-	-	-	13,150	-	13,150	
Total comprehensive income/(loss) for the financial year	-	-	-	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 33(c))	-	-	-	-	-	58,991	-	-	58,991	
Transfer to statutory reserve (Note 35(a))	-	10,016	-	-	-	-	-	(10,016)	-	
Transfer from regulatory reserve (Note 35(b))	-	-	(399,421)	-	-	-	-	399,421	-	
Dividends paid (Note 52)	-	-	-	-	-	-	-	(4,384,131)	(4,384,131)	
Dividends payable (Note 52(c)(i))	-	-	-	-	-	-	-	(384,328)	(384,328)	
Total transactions with shareholders/other equity movements	-	10,016	(399,421)	-	-	58,991	-	(4,379,054)	(4,709,468)	
At 31 December 2020	48,280,355	69,518	1,495,500	3,261,447	2,241,350	96,186	12,805	16,809,095	72,266,256	

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	10,886,595	8,656,956	7,743,960	6,929,010
Adjustments for:				
Share of profits in associates and joint ventures (Note 19)	(186,183)	(209,147)	-	-
Depreciation of property, plant and equipment (Note 43)	299,986	311,984	89,545	101,097
Depreciation of right-of-use assets (Note 43)	448,564	450,736	110,589	113,197
Amortisation of computer software (Note 43)	281,968	283,348	64,499	56,520
Amortisation of customer relationship (Note 43)	-	415	-	-
Amortisation of agency force (Note 43)	756	3,136	-	-
Finance costs on lease liabilities (Note 43)	41,011	49,769	13,021	13,550
Loss/(gain) on disposal of property, plant and equipment (Note 41)	103	(20,791)	1,246	(17,279)
(Gain)/loss on disposal of foreclosed properties (Note 41)	(6,037)	14,162	-	-
Net loss on liquidation/disposal of subsidiaries (Note 41)	7,165	10,161	-	-
Net (gain)/loss on disposal/change in structure of deemed controlled structured entities (Note 41)	(8,571)	(3,128)	(34,846)	3,275
Net loss on dilution of interest in associate (Note 41)	60,158	-	-	-
Net loss/(gain) on disposal of financial assets at fair value through profit or loss (Note 41, Note 64(aa) & (ac))	14,628	(25,575)	23,659	(134,605)
Net gain on disposal of financial investments at fair value through other comprehensive income (Note 41, Note 64(aa) & (ac))	(615,087)	(1,977,378)	(437,716)	(1,517,671)
Net gain on redemption of financial investments at amortised cost (Note 41, Note 64(aa) & (ac))	(909)	-	(10,796)	-
Modification loss on contractual cash flows arising from financial assets (Note 2.5(i))	126,854	315,160	20,016	48,979
Amortisation of premiums/(accretion of discounts), net (Note 37, Note 64(aa) & (ac))	232,170	100,404	(125,143)	(238,553)
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss and derivatives (Note 41, Note 64(aa) & (ac))	1,144,009	(1,763,959)	568,896	(966,285)
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss (Note 41)	(795,287)	(94,503)	(795,287)	(94,503)
Unrealised gain on revaluation of loans, advances and financing at fair value through profit or loss (Note 41)	-	(479)	-	(479)
Allowances for impairment losses on loans, advances and financing, net (Note 45)	2,968,592	4,985,025	2,694,860	2,771,970
Allowances for impairment losses on other debts (Note 45)	14,670	11,256	1,444	1,257
Allowances for/(writeback of) impairment losses on financial investments, net (Note 46)	598,298	413,918	(89,413)	149,466
(Writeback of)/allowances for impairment losses on other financial assets and goodwill, net (Note 47)	(27,393)	81,012	(41,351)	30,926
Dividends from subsidiaries and associates (Note 40)	-	-	(3,959,559)	(2,640,114)
Dividends from financial investments portfolio (Note 41)	(162,374)	(104,155)	(6,189)	(5,802)
ESGP expenses (Note 43)	98,193	80,775	53,736	42,627
Property, plant and equipment written off (Note 43)	269	630	155	77
Intangible assets written off (Note 43)	17,320	437	1,456	437
Fair value adjustments on investment properties (Note 41)	(30,301)	(18,522)	-	-
Operating profit before working capital changes	15,409,167	11,551,647	5,886,782	4,647,097
Change in cash and short-term funds with original maturity of more than three months	11,162,459	(11,941,106)	6,321,216	(9,506,641)
Change in deposits and placements with financial institutions with original maturity of more than three months	(6,606,824)	15,021,943	(16,940,452)	23,452,073
Change in financial assets purchased under resale agreements	4,052,173	(3,909,665)	2,769,769	(3,552,385)
Change in financial investments portfolio	(13,806,639)	(18,618,655)	5,117,624	(4,644,481)
Change in loans, advances and financing	(29,097,602)	(5,028,270)	(11,216,970)	(4,519,496)
Change in other assets	1,752,535	(1,874,074)	667,521	544,562
Change in statutory deposits with central banks	(45,455)	7,583,005	(48,412)	2,453,866
Change in deposits from customers	28,599,884	12,566,903	24,730,252	5,796,663
Change in investment accounts of customers	4,880,003	3,103,126	-	-
Change in deposits and placements from financial institutions	(1,295,793)	(5,678,343)	6,847,395	(16,634,420)
Change in obligations on financial assets sold under repurchase agreements	(3,257,498)	(2,847,529)	(12,136,464)	8,629,273
Change in financial liabilities at fair value through profit or loss	41,001	(22,772)	41,001	(22,772)
Change in bills and acceptances payable	80,323	(294,151)	(28,167)	(21,045)
Change in other liabilities	1,250,376	(879,970)	1,708,661	(1,401,543)
Change in reinsurance/retakaful assets and other insurance receivables	(1,679,288)	(1,559,600)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	4,398,850	6,809,134	-	-
Cash generated from operating activities	15,837,672	3,981,623	13,719,756	5,220,751
Taxes and zakat paid	(2,759,384)	(1,733,508)	(1,225,716)	(870,990)
Net cash generated from operating activities	13,078,288	2,248,115	12,494,040	4,349,761

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities				
Purchase of investment properties (Note 16)	(3,312)	(1,370)	-	-
Purchase of property, plant and equipment (Note 20)	(197,754)	(202,801)	(24,218)	(29,364)
Purchase of intangible assets (Note 22)	(252,751)	(276,822)	(84,886)	(92,302)
Net effect arising from:				
- transaction with non-controlling interests	(6,475)	27,363	-	-
- capital repayment of a subsidiary	-	-	-	1,213,920
Purchase of additional ordinary shares in existing subsidiaries	-	-	(2,392,931)	(732,788)
Purchase of shares in deemed controlled structured entities	-	-	-	(12,557)
Proceeds from disposal of property, plant and equipment	3,514	29,764	128	18,058
Proceeds from disposal of a subsidiary	-	171,233	-	169,521
Proceeds from disposal of deemed controlled structured entities	-	-	125,366	184,033
Dividends received from:				
- financial investments portfolio (Note 41)	162,374	104,155	6,189	5,802
- associates (Note 40)	-	-	896	777
- subsidiaries (Note 40)	-	-	3,958,663	2,639,337
Net cash (used in)/generated from investing activities	(294,404)	(148,478)	1,589,207	3,364,437
Cash flows from financing activities				
Proceeds from issuance of shares	4,833,336	-	4,833,336	-
(Repayment)/drawdown of borrowings, net (Note 30)	(2,728,211)	(2,571,076)	(4,895,984)	742,415
Issuance of subordinated obligations (Note 31)	3,309,000	3,000,000	3,000,000	3,000,000
Redemption of subordinated obligations (Note 31)	(2,163,655)	(3,300,000)	(2,008,500)	(3,300,000)
Repayment of lease liabilities (Note 27(iv))	(416,733)	(464,386)	(106,930)	(99,624)
Redemption of financial liabilities at fair value through profit or loss (Note 25)	(1,393,899)	(715,368)	(1,393,899)	(715,368)
Issuance of financial liabilities at fair value through profit or loss (Note 25)	2,461,480	4,499,040	2,461,480	4,499,040
Recourse obligation on loans and financing sold to Cagamas, net	-	(1,526,225)	-	(1,526,225)
Dividends paid (Note 52)	(9,186,106)	(4,384,131)	(9,186,106)	(4,384,131)
Dividends paid to non-controlling interests	(90,586)	(89,507)	-	-
Net cash used in financing activities	(5,375,374)	(5,551,653)	(7,296,603)	(1,783,893)
Net increase/(decrease) in cash and cash equivalents	7,408,510	(3,452,016)	6,786,644	5,930,305
Cash and cash equivalents at 1 January	43,813,448	47,306,745	27,902,551	21,934,867
Effects of foreign exchange rate changes	660,185	(41,281)	432,925	37,379
Cash and cash equivalents at 31 December	51,882,143	43,813,448	35,122,120	27,902,551
Cash and cash equivalents comprise:				
Cash and short-term funds	41,501,456	43,895,144	25,736,157	24,111,660
Deposits and placements with other financial institutions	16,053,824	10,147,074	31,488,613	15,274,310
	57,555,280	54,042,218	57,224,770	39,385,970
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(5,673,137)	(10,228,770)	(22,102,650)	(11,483,419)
Cash and cash equivalents at 31 December	51,882,143	43,813,448	35,122,120	27,902,551

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 24 February 2022.

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 63 and 64, 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 2021. 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 2021

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 65(a) and 65(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, 65(c) and 65(d) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 2021

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 their 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. 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 assessing the SPPI.

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 to customers as disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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. The Group and the Bank designate 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 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 2021

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 the eventual recipients until it has received cash flows 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 that the Group and the Bank 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 Group and 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 Group and the Bank 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:

- Determination of significant increase in credit risk since initial recognition ("SICR")

The assessment of SICR 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 Group and the Bank performed quantitative and qualitative assessments to determine the SICR 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
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest/profit income	On gross carrying amount	On gross carrying amount	On net carrying amount

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 Group's and the Bank's leveraged as much as possible on its existing Basel II models and performed the required adjustments to produce 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.

(iii) Expected life

Lifetime expected credit losses must be measured over the expected life of the asset. 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 equivalent 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 measurement is based on 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 obtained from the Group's and the Bank's research arm, Maybank Research Pte. Ltd. ("Maybank IBG Research"). Maybank IBG Research assumptions and analysis are 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 of current economic conditions.

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

The Group's and the Bank's valuation policies 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 2021

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 recognise 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 is accrued using the effective interest/profit method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 56.

(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. The 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 2021

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 applied the interbank offered rates ("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").

The Group and the Bank assumed 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.

When the basis for determining the contractual cash flows of the hedge item or hedge instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedge item or the hedge instrument, the Group and the Bank amend the hedge documentation of that hedging relationship to reflect the changes required by IBOR reform.

The hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedge risk;
- updating the description of the hedge item, including the description of the designated portion of the cash flows or fair value being hedged;
- updating the description of the hedging instrument; or
- updating the description of how the entity will assess the hedge effectiveness.

The Group and the Bank amend the description of the hedging instrument only if the following condition are met:

- it makes a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flow of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instruments; and
- the original hedging instrument is not derecognised.

These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

When the Group and the Bank change the designation to an alternative benchmark interest rate and that rate is not a separately identifiable component at the date it is designated, the Group and the Bank deem that the rate meet the separately identifiable portion if it reasonably expects that the rate will be separately identifiable within a 24-month period. The 24-month period applies on a rate-by-rate basis and starts from the date the Group and the Bank first designates the alternative benchmark rate as a hedged risk.

If subsequently, the Group and the Bank expect that a non-contractually specified alternative benchmark rate to be separately identifiable within 24-month period, hedge accounting is discontinued prospectively from the date of that reassessment to all hedging relationship in which the alternative benchmark rate is designated as a risk component.

When the interest benchmark on which the future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group and the Bank deem that the amount accumulated in the cash flow hedge reserve to be based on the alternative benchmark rate on which the hedged future cash flows will be based.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

(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.

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 3 to 995 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 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

(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.

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 are 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 48.

(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:

- (i) 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
- (ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 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:

- (i) 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
- (ii) 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.

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 29.

(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 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 lease arrangement 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 at inception 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

(xx) Leases (cont'd.)

(b) Recognition and initial measurement (cont'd.)

(1) The Group and the Bank as a lessee (cont'd.)

Lease liabilities (cont'd.)

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.

(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. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(e) Premium/contribution liabilities, unearned premium/contribution reserves and unexpired risk reserves (cont'd.)

(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;
- 1/24th method for all other classes of local business of general insurance and 1/365th 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;
- 1/8th 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(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.

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 55(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 55(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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 2021, 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 RM195.2 million (2020: RM305.7 million) and RM269.3 million (2020: RM269.5 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxv) Employee benefits (cont'd.)

(d) Defined benefit plans (cont'd.)

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) 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 33(c).

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

(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 in the income statements.

(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 61.

(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 2021, the Group and the Bank adopted the following amendments to MFRSs:

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
Amendment to MFRS 16 <i>Leases – COVID-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021

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

The amendments provide temporary relief which address the financial reporting effects when interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free rate ("RFR").

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. 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 beyond 30 June 2021

The amendment extends the availability of the practical expedient provided on 28 May 2020 where lessees may elect not to assess a COVID-19 related rent concession from a lessor as a lease modification. Lessees may account the concession as a variable lease payment in the period it is granted. This practical expedient applies to rent concession that due on or before 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021, which has been early adopted by the Group and the Bank. This amendment does not have any significant impact to the financial statements of the Group and of the Bank.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Significant changes in regulatory requirements

(i) Measures announced by Bank Negara Malaysia (“BNM”) to assist individuals, small-medium enterprises (“SMEs”) and microenterprises affected by COVID-19

During the financial year ended 31 December 2021, BNM had announced the extension of regulatory measures to facilitate loan/financing repayment assistance to borrowers/customers affected by the COVID-19 pandemic in line with the Government economic stimulus packages.

The support measures include the following:

Targeted repayment assistance (“TRA”) and moratorium

(a) Enhanced targeted repayment assistance under Perlindungan Ekonomi dan Rakyat Malaysia (“PERMAI”)

An extension of TRA under PERMAI was announced on 18 January 2021. The extension applied to all TRA schemes announced previously where borrowers/customers can apply for 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months. The TRA was applicable to all B40 (who registered in Bantuan Sara Hidup (“BSH”) or Bantuan Prihatin Rakyat (“BPR”)), M40 (who are recipient of Bantuan Prihatin Nasional (“BPN”)) and microenterprises with loan/financing facilities not more than RM150,000 that were approved on or before 30 September 2020 and not in arrears for more than 90 days.

(b) Targeted repayment assistance under Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan (“PEMERKASA+”)

TRA under PEMERKASA+ was announced on 31 May 2021. The TRA was applicable to all borrowers/customers who have lost their employment, B40 borrowers/customers registered under BSH/BPR, SMEs and microenterprises with loan/financing facilities not more than RM150,000 that were approved on or before 30 June 2021 and not in arrears for more than 90 days. All affected borrowers/customers may opt for 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months.

(c) Six-month moratorium under Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (“PEMULIH”)

The six-month moratorium under PEMULIH was announced on 28 June 2021. The moratorium applies to ringgit and foreign currency denominated loans/financing approved on or before 30 June 2021, not in arrears exceeding 90 days and customers must not be adjudicated bankrupts or under bankruptcy proceedings. All individuals, SMEs and microenterprises may opt for 6-month deferment of instalment or 50% reduction in their monthly instalment payment for a period of 6 months. There will be no compounding interest/profit and any penalty interest/profit during the moratorium period.

(d) Financial Management and Resilience Programme (“URUS”)

Pursuant to the statement issued by the Prime Minister on 13 October 2021, banking industry, represented collectively by The Association of Banks in Malaysia (“ABM”), Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”) and Association of Development Finance Institutions of Malaysia (“ADFIM”) had on 14 October 2021 announced its continued support to individual customers. The Bank has worked alongside with Agensi Kaunseling dan Pengurusan Kredit (“AKPK”) to offer a comprehensive extended financial assistance scheme called Financial Management and Resilience Programme (“URUS”).

Under URUS, AKPK will provide eligible customers with a personalised financial plan with the following options:

- (i) A 3-month interest/profit waiver, commencing the month following the customers’ on boarding into the scheme; or
- (ii) A 3-month interest/profit waiver together with reduced instalments for a period of up to 24 months. This option will also benefit customers with unsecured personal loan/financing and credit cards.

Application for URUS is open from 15 November 2021 until 31 January 2022 for individual customers:

- (i) from B50 income segment (having gross household income of RM5,880 or lower based on definition by the Department of Statistics Malaysia);
- (ii) that have experienced either loss of employment or reduction of income of at least 50%;
- (iii) under an existing repayment assistance programme (e.g. Targeted Repayment Assistance, PEMERKASA+, PEMULIH, the Bank’s own rescheduling and restructuring, etc.) as at 30 September 2021; and
- (iv) whose loan/financing is still performing (not in arrears exceeding 90 days) as at the date of their application.

The financial impacts of the TRA and moratorium to the income statements of the Group and of the Bank are as follows:

31 December 2021	Group RM'000	Bank RM'000
Loss on modification of cash flows		
Included in interest income (Note 37)	(20,016)	(20,016)
Included in income from IBS (Note 64(ac)(i))	(106,838)	-
	(126,854)	(20,016)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D.)

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

(i) **Measures announced by Bank Negara Malaysia (“BNM”) to assist individuals, small-medium enterprises (“SMEs”) and microenterprises affected by COVID-19 (cont'd.)**

The support measures include the following (cont'd.):

Targeted repayment assistance (“TRA”) and moratorium (cont'd.)

The financial impacts of the TRA and moratorium to the income statements of the Group and of the Bank are as follows (cont'd.):

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 37)	(74,240)	(48,979)
Included in income from IBS (Note 64(ac)(i))	(240,920)	-
	(315,160)	(48,979)

Credit risk monitoring, stress testing and classification in the Central Credit Reference Information System (“CCRIS”)

The repayment assistance/moratorium does not automatically result in a stage transfer under MFRS 9 in the absence of other factors indicating evidence of SICR. The Group and the Bank will continue to apply judgement and perform more holistic assessment of all relevant indicators and information such as historical repayment and delinquency trend in determining SICR.

The loan/financing that are approved under repayment assistance on or before 31 December 2021 are exempted to be reported as rescheduling and restructuring (“R&R”) in CCRIS. However, the Group and the Bank are required to report the credit-impaired status consistently with the accounting classification.

Supervisory and Prudential Measures

During the financial year ended 31 December 2021, financial institutions are allowed to operate below the minimum Liquidity Coverage Ratio of 100%, lowered Net Stable Funding Ratio to 80% from 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. 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 46)

The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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)

For financial instruments measured at fair value, where the fair values cannot be derived from active markets, these fair values are determined using a variety of valuation techniques, including 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 55 for further disclosures.

3.4 Impairment losses on loans, advances and financing (Notes 12, 27 and 45)

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 ongoing COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL as at 31 December 2021.

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 expire.

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 overlay.

The impact of these post-model adjustments were estimated at both portfolio and vulnerable obligors level amounting to RM3,403.2 million (2020: RM2,439.9 million) for the Group and RM1,909.4 million (2020: RM1,383.7 million) for the Bank as at 31 December 2021.

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 and the Bank 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 2021

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 29) and income tax (Note 48)

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/profit 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 65(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 nine 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
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>Presentation of Financial Statements – Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies

The amendments require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosure on MFRS applications.

The amendments explain that an accounting policy is material if, without it the users of the financial statements would be unable to understand other material information in the financial statements or/and when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decision that the primary users of general purpose financial statements make on the basis of those financial statements. Immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting information.

The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2023, earlier application is permitted. These amendments are not expected to have a significant impact on the preparation of 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.

The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2023, 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 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments redefined accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. These amendments provide clarity on how to distinguish changes in accounting policies from changes in accounting estimates. The amendments clarify that effects of a change in an input or measurement technique use to develop an accounting estimate is a change in accounting estimate if the changes do not arise from prior period errors.

The distinction is important because changes in accounting estimates are applied prospectively but changes in accounting policies are applied retrospectively. The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2023, earlier application is permitted. These amendments are not expected to have a significant impact on the preparation of the Group's and the Bank's financial statements.

Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments specify the treatment for deferred tax on transactions related to leases and decommissioning obligation. The amendments clarify that the initial recognition exemption set out in MFRS 112 does not apply

to transactions that give rise to equal amounts of taxable and deductible temporary difference. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are to be applied prospectively in annual periods beginning on or after 1 January 2023, earlier application is permitted. These amendments are not expected to have a significant impact on the preparation of the Group's and the Bank's financial statements.

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.

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

MFRS 17 Insurance Contracts (cont'd.)

(ii) Fair value approach

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 amendment will be assessed together with other MFRS 17 requirements 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash balances and deposits with financial institutions	38,462,472	38,565,571	25,736,157	24,111,660
Money at call	3,038,984	5,329,573	–	–
Allowances for impairment losses	41,501,456 (17,530)	43,895,144 (10,430)	25,736,157 (10,809)	24,111,660 (5,630)
	41,483,926	43,884,714	25,725,348	24,106,030

The Group's monies held-in-trust for clients as at the reporting date are approximately RM4,941,615,000 (2020: RM5,288,016,000). 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 2021

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 2021 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 while the increase in the ECL allowances was due to deterioration in credit risk which correspondingly increased the net remeasurement of allowances.
- The Bank's overall gross carrying amount for cash and short-term funds increased as a result of recognition of new financial assets which correspondingly increased the ECL allowances.

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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 2021 (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	
At 1 January 2021	10,430	-	-	10,430
Net remeasurement of allowances	7,031	-	-	7,031
Exchange differences	69	-	-	69
At 31 December 2021	17,530	-	-	17,530
Bank				
At 1 January 2021	5,630	-	-	5,630
Net remeasurement of allowances	5,267	-	-	5,267
Exchange differences	(88)	-	-	(88)
At 31 December 2021	10,809	-	-	10,809

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.

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	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
Bank				
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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6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Licensed banks		5,044,101	4,740,815	20,987,351	10,531,734
Bank Negara Malaysia		234,623	6,284	234,623	6,284
Other financial institutions	(i)	10,775,100	5,399,975	10,266,639	4,736,292
		16,053,824	10,147,074	31,488,613	15,274,310
Allowances for impairment losses	(ii)	(16,776)	(18,143)	(5,979)	(5,962)
		16,037,048	10,128,931	31,482,634	15,268,348

- (i) Included in deposits and placements with other financial institutions is USD10.0 million (2020: USD13.0 million) or Ringgit Malaysia equivalent of RM41.7 million (2020: RM52.2 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 2021

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 2021 were mainly due to the following:

- The increase in the Group's gross carrying amount for deposit and placements with financial institutions was mainly contributed by higher deposit and placements which carry low credit risk that did not significantly contribute to ECL allowances.
- The increase in 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 licensed banks which contributed to an overall increase in the ECL allowances.

	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	
Group				
At 1 January 2021	18,143	-	-	18,143
Net remeasurement of allowances	9,301	-	-	9,301
New financial assets originated or purchased	1,110	-	-	1,110
Financial assets derecognised	(11,864)	-	-	(11,864)
Exchange differences	86	-	-	86
At 31 December 2021	16,776	-	-	16,776
Bank				
At 1 January 2021	5,962	-	-	5,962
Net remeasurement of allowances	664	-	-	664
New financial assets originated or purchased	894	-	-	894
Financial assets derecognised	(1,175)	-	-	(1,175)
Exchange differences	(366)	-	-	(366)
At 31 December 2021	5,979	-	-	5,979

NOTES TO THE FINANCIAL STATEMENTS

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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

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.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
Group				
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
Bank				
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

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	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Foreign Government Treasury Bills		-	34	-	454,685
Foreign Government Securities		12,126,099	14,475,975	11,738,094	14,396,800
Foreign Government Bonds		1,034,114	3,078,316	-	-
Foreign Corporate Bonds and Sukuk		342,980	-	342,980	-
		13,503,193	17,554,325	12,081,074	14,851,485
Allowances for impairment losses	(a)	(11,440)	(10,338)	(1,422)	(2,064)
		13,491,753	17,543,987	12,079,652	14,849,421

- (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 2021

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 2021 were mainly due to the following:

- The decrease in the gross carrying value was mainly contributed by Foreign Government Securities and Foreign Government Bonds. The overall increase in ECL allowances for financial assets purchased under resale agreements were mainly contributed by new financial assets purchased during the financial year.

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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 2021 (cont'd.)

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	10,338	-	-	10,338
Net remeasurement of allowances	(899)	-	-	(899)
New financial assets originated or purchased	11,434	-	-	11,434
Financial assets derecognised	(10,475)	-	-	(10,475)
Exchange differences	1,042	-	-	1,042
At 31 December 2021	11,440	-	-	11,440
Bank				
At 1 January 2021	2,064	-	-	2,064
Net remeasurement of allowances	(899)	-	-	(899)
New financial assets originated or purchased	1,421	-	-	1,421
Financial assets derecognised	(2,097)	-	-	(2,097)
Exchange differences	933	-	-	933
At 31 December 2021	1,422	-	-	1,422

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 were mainly contributed by new financial assets purchased which correspondingly increased the ECL allowances.

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
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	10,338	-	-	10,338
Bank				
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	2,064	-	-	2,064

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

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

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial investments at fair value through profit or loss	9	1,088,579	671,080	1,088,579	671,080
Financial investments at fair value through other comprehensive income	10(ii)	4,039,496	6,605,599	19,572,658	32,570,632
Financial investments at amortised cost	11(v)	2,745,642	3,854,536	4,124,604	3,680,593
		7,873,717	11,131,215	24,785,841	36,922,305

8. FINANCIAL ASSETS DESIGNATED UPON INITIAL RECOGNITION AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	344,976	233,228	-	-
Malaysian Government Investment Issues	369,397	406,583	-	-
	714,373	639,811	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	-	114,951	-	-
Unit trusts	3,932	3,932	-	-
Outside Malaysia:				
Shares, warrants and loan stocks	164	11,270	-	-
	4,096	130,153	-	-
Unquoted securities:				
In Malaysia:				
Corporate Bonds and Sukuk	12,248,561	13,008,116	-	-
Outside Malaysia:				
Corporate Bonds and Sukuk	214,836	249,951	-	-
	12,463,397	13,258,067	-	-
Total financial assets designated upon initial recognition at FVTPL	13,181,866	14,028,031	-	-

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9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	918,886	2,464,259	918,886	2,404,369
Malaysian Government Investment Issues	309,362	2,240,840	307,855	2,133,207
Cagamas Bonds	570,931	47,024	570,931	47,024
Negotiable instruments of deposits	-	120,485	-	120,485
Foreign Government Securities	3,458,086	3,227,160	2,901,655	2,934,336
Malaysian Government Treasury Bills	4,079,504	1,065,724	3,420,385	1,065,724
Bank Negara Malaysia Bills and Notes	614,280	1,656,882	614,280	1,656,882
Foreign Government Treasury Bills	-	1,395,379	-	1,395,379
	9,951,049	12,217,753	8,733,992	11,757,406
Quoted securities:				
In Malaysia:				
Shares, warrants, mutual funds and loan stocks	7,160,590	4,962,630	-	79,685
Unit trusts	486,454	478,003	286,570	201,260
Outside Malaysia:				
Shares, warrants, mutual funds and loan stocks	564,089	285,720	237	116
Unit trusts	933,960	457,683	291,503	237,644
Corporate Bonds and Sukuk	1,576,604	1,207,422	-	-
Government Bonds	612,151	707,185	-	-
Government Treasury Bills	568,183	668,020	-	-
	11,902,031	8,766,663	578,310	518,705
Unquoted securities:				
In Malaysia:				
Shares	967,356	931,054	700,280	682,508
Unit trusts	5,078	1,928	-	-
Corporate Bonds and Sukuk	1,014,406	757,346	345,271	298,648
Structured deposits	186,197	87,737	-	-
Outside Malaysia:				
Shares	382	764	-	-
Mutual funds	124,351	16,517	-	-
Corporate Bonds and Sukuk	1,761,223	3,750,966	1,782,581	4,283,095
Government Bonds	1,863,420	649,118	1,863,420	649,118
	5,922,413	6,195,430	4,691,552	5,913,369
Total financial investments at FVTPL	27,775,493	27,179,846	14,003,854	18,189,480

Included in financial investments at fair value through profit or loss are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Foreign Corporate Bonds and Sukuk	201,098	-	201,098	-
Foreign Government Securities	887,481	537,803	887,481	537,803
Foreign Government Treasury Bills	-	133,277	-	133,277
Total (Note 7(ii))	1,088,579	671,080	1,088,579	671,080

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10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”)

At fair value	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Money market instruments:				
Malaysian Government Securities	10,599,757	13,448,869	10,225,806	13,249,223
Malaysian Government Investment Issues	19,122,254	23,197,246	7,336,288	9,164,855
Negotiable instruments of deposits	11,473	150,337	–	150,337
Foreign Government Securities	16,144,063	13,088,016	5,418,045	4,535,913
Foreign Government Treasury Bills	14,976,441	16,939,946	6,026,800	4,014,112
Khazanah Bonds	283,502	353,303	253,889	324,271
Cagamas Bonds	124,727	358,627	124,727	358,627
	61,262,217	67,536,344	29,385,555	31,797,338
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	79,854	6,992	15,490	17,836
Outside Malaysia:				
Shares, warrants and loan stocks	33	33	–	–
Corporate Bonds and Sukuk	4,432,456	2,762,299	–	–
Government Bonds	586,530	730,155	–	–
	5,098,873	3,499,479	15,490	17,836
Unquoted securities:				
In Malaysia:				
Shares and loan stocks	334,722	336,378	320,093	322,417
Government Bonds	418,458	378,606	418,458	336,714
Corporate Bonds and Sukuk	24,329,837	23,992,461	13,149,845	15,552,830
Outside Malaysia:				
Shares	3,710	2,444	–	–
Government Bonds	17,045,506	14,660,955	16,685,586	14,524,455
Corporate Bonds and Sukuk	13,900,631	17,096,014	10,688,034	12,982,203
	56,032,864	56,466,858	41,262,016	43,718,619
Total financial investments at FVOCI	122,393,954	127,502,681	70,663,061	75,533,793

- (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 RM170.0 million for the Group (2020: RM185.0 million) and RM160.0 million for the Bank (2020: RM180.0 million).
- (ii) Included in financial investments at fair value through other comprehensive income are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian Government Securities	1,741,209	3,011,325	1,741,209	3,011,325
Malaysian Government Investment Issues	–	2,804,580	8,203,325	6,431,643
Corporate Bonds and Sukuk	–	–	765,449	–
Foreign Corporate Bonds and Sukuk	1,847,677	58,660	3,126,133	4,049,655
Foreign Government Treasury Bills	–	481,996	1,792,459	1,885,457
Foreign Government Bonds	308,804	85,698	308,804	5,916,289
Foreign Government Securities	141,806	163,340	3,635,279	11,276,263
Total (Note 7(ii))	4,039,496	6,605,599	19,572,658	32,570,632

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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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	21,043,390	20,233,607	7,891,562	5,494,231
One year to three years	10,512,967	11,243,536	4,067,586	3,998,086
Three years to five years	6,345,076	7,155,360	2,845,116	3,179,047
After five years	23,360,784	28,903,841	14,581,291	19,125,974
	61,262,217	67,536,344	29,385,555	31,797,338

(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 2021

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 2021 were mainly due to the following:

- The overall decrease in the gross carrying amount of Government related investments for the Group and the Bank have no impact to ECL allowances. The increase in the gross carrying amount of Foreign Government Securities and Foreign Corporate Bonds and Sukuk for the Group and the Bank correspondingly increased the 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.
- The write-off of Corporate Bonds and Sukuk with a gross carrying amount of RM9.8 million for the Group resulted in the reduction of Stage 3 lifetime ECL by the same amount.

	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	
Group				
At 1 January 2021	34,819	1,718	107,281	143,818
Transferred to Stage 1	836	(836)	-	-
Transferred to Stage 2	(20)	20	-	-
Net remeasurement of allowances	(4,556)	715	25,116	21,275
New financial assets originated or purchased	15,504	-	-	15,504
Financial assets derecognised	(16,007)	-	-	(16,007)
Changes in models/risk parameters	(720)	149	-	(571)
Amount written off	-	-	(9,849)	(9,849)
Exchange differences	1,423	-	1,819	3,242
At 31 December 2021	31,279	1,766	124,367	157,412
Bank				
At 1 January 2021	16,676	495	71,056	88,227
Transferred to Stage 1	285	(285)	-	-
Net remeasurement of allowances	(965)	-	25,628	24,663
New financial assets originated or purchased	8,257	-	-	8,257
Financial assets derecognised	(7,202)	-	-	(7,202)
Changes in models/risk parameters	(266)	(6)	-	(272)
Exchange differences	663	-	34	697
At 31 December 2021	17,448	204	96,718	114,370

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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 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	
Group				
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	34,819	1,718	107,281	143,818
Bank				
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	16,676	495	71,056	88,227

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 RM9.8 million (2020: RM6.9 million) for the Group and nil (2020: RM6.9 million) for the Bank.

- (v) Equity instruments at fair value through other comprehensive income are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Quoted Securities:				
In Malaysia	79,854	6,992	15,490	17,836
Outside Malaysia	33	33	–	–
	79,887	7,025	15,490	17,836
Unquoted Securities:				
In Malaysia	334,722	336,378	320,093	322,417
Outside Malaysia	3,710	2,444	–	–
	338,432	338,822	320,093	322,417
	418,319	345,847	335,583	340,253

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 favourable market opportunities. The Group and the Bank recorded cumulative gain on disposal of RM14.5 million (2020: RM1.1 million) and RM0.6 million (2020: nil) respectively.

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11. FINANCIAL INVESTMENTS AT AMORTISED COST

Note	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Money market instruments:				
Malaysian Government Securities	9,639,927	8,664,711	9,639,825	8,664,609
Malaysian Government Investment Issues	19,369,681	11,456,207	8,123,415	6,867,868
Foreign Government Securities	2,247,712	1,068,622	-	-
Khazanah Bonds	870,534	1,073,781	44,133	141,493
Cagamas Bonds	50,259	50,259	50,259	50,259
	32,178,113	22,313,580	17,857,632	15,724,229
Unquoted securities:				
In Malaysia:				
Corporate Bonds and Sukuk	26,113,291	20,912,781	20,523,417	20,327,704
Outside Malaysia:				
Corporate Bonds and Sukuk	2,065,136	2,925,090	3,238,385	3,965,708
Government Bonds	1,303,177	872,817	117,308	114,756
	29,481,604	24,710,688	23,879,110	24,408,168
Allowances for impairment losses (iv)	(1,127,527)	(548,352)	(161,846)	(275,414)
Total financial investments at amortised cost	60,532,190	46,475,916	41,574,896	39,856,983

(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 RM4,730.0 million for the Group (2020: RM4,795.0 million) and RM1,890.0 million for the Bank (2020: RM1,950.0 million).

(ii) Indicative fair values of financial investments at amortised cost are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Money market instruments:				
Malaysian Government Securities	9,691,536	9,254,792	9,691,430	9,254,679
Malaysian Government Investment Issues	19,383,773	12,193,602	8,231,925	7,378,270
Foreign Government Securities	2,118,404	1,147,333	-	-
Khazanah Bonds	873,582	1,094,527	46,176	145,817
Cagamas Bonds	51,744	52,982	51,744	52,982
Unquoted securities:				
Corporate Bonds and Sukuk in Malaysia	24,805,345	20,730,715	20,237,633	20,370,143
Corporate Bonds and Sukuk outside Malaysia	1,983,830	2,899,631	3,256,023	3,937,741
Government Bonds outside Malaysia	1,312,027	885,870	126,119	127,365

(iii) The maturity profile of money market instruments are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	1,300,845	1,257,426	509,715	1,012,447
One year to three years	2,526,815	2,068,049	384,380	734,638
Three years to five years	1,427,887	1,451,903	443,677	461,471
After five years	26,922,566	17,536,202	16,519,860	13,515,673
	32,178,113	22,313,580	17,857,632	15,724,229

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31 December 2021

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 2021

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 2021 were mainly due to following:

- The increase in the gross carrying amount of Corporate Bonds and Sukuk for the Group due to new financial assets purchased contributed to the increased in ECL allowances.
- The decrease in ECL for Stage 2 was mainly due to financial assets derecognised during the year for the Group and the Bank.
- The increase in ECL for Stage 3 was due to new financial assets originated or purchased for the Group and 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
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
Group				
At 1 January 2021	57,578	395,043	95,731	548,352
Transferred to Stage 1	41,742	(41,742)	-	-
Transferred to Stage 2	(256)	256	-	-
Net remeasurement of allowances	(44,940)	1,277	41,255	(2,408)
New financial assets originated or purchased	12,735	-	923,797	936,532
Financial assets derecognised	(9,481)	(352,994)	-	(362,475)
Changes in models/risk parameters	6,491	(43)	-	6,448
Exchange differences	(168)	1,246	-	1,078
At 31 December 2021	63,701	3,043	1,060,783	1,127,527
Bank				
At 1 January 2021	16,077	163,606	95,731	275,414
Transferred to Stage 1	41,396	(41,396)	-	-
Net remeasurement of allowances	(34,273)	(1,247)	41,255	5,735
New financial assets originated or purchased	9,588	-	-	9,588
Financial assets derecognised	(8,206)	(122,075)	-	(130,281)
Changes in models/risk parameters	142	(43)	-	99
Exchange differences	45	1,246	-	1,291
At 31 December 2021	24,769	91	136,986	161,846

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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 (cont'd.):

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	
Group				
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
Bank				
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

- (v) Included in financial investments at amortised cost are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian Government Securities	1,050,808	1,568,083	1,050,808	1,568,083
Malaysian Government Investment Issues	-	567,593	1,459,056	567,593
Foreign Corporate Bonds and Sukuk	1,694,834	1,718,860	1,614,740	1,544,917
Total (Note 7(ii))	2,745,642	3,854,536	4,124,604	3,680,593

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12. LOANS, ADVANCES AND FINANCING

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans, advances and financing to financial institutions	(i)	1,048,566	899,986	30,836,296	30,042,986
Loans, advances and financing to customers	(ii)	540,839,323	511,310,107	209,286,971	199,881,476
Net loans, advances and financing		541,887,889	512,210,093	240,123,267	229,924,462

(i) Loans, advances and financing to financial institutions[^]:

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(A) Loans, advances and financing to financial institutions at FVOCI		109,156	-	572,435	-
(B) Loans, advances and financing to financial institutions at amortised cost		947,869	906,576	31,569,235	30,490,995
Gross loans, advances and financing to financial institutions		1,057,025	906,576	32,141,670	30,490,995
Allowances for loans, advances and financing:					
- Stage 1 - 12-month ECL		(8,243)	(6,223)	(29,974)	(21,722)
- Stage 2 - Lifetime ECL not credit impaired		(216)	(367)	(2,138)	(17,223)
- Stage 3 - Lifetime ECL credit impaired		-	-	(1,273,262)	(409,064)
Net loans, advances and financing to financial institutions		1,048,566	899,986	30,836,296	30,042,986

[^] Included in the Bank's loans, advances and 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 RM973.3 million (2020: RM945.9 million), and under the Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM29,725.6 million net of expected credit losses (2020: RM28,997.4 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:

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(A) Loans, advances and financing to customers at FVTPL		15,491	170,712	15,491	170,712
(B) Loans, advances and financing to customers at FVOCI		21,653,857	16,031,857	18,728,802	13,290,590
(C) Loans, advances and financing to customers at amortised cost		613,113,365	593,837,430	197,741,786	193,755,229
		634,782,713	610,039,999	216,486,079	207,216,531
Unearned interest and income		(82,051,176)	(87,222,999)	(915,563)	(1,139,318)
Gross loans, advances and financing to customers		552,731,537	522,817,000	215,570,516	206,077,213
Allowances for loans, advances and financing:					
- Stage 1 - 12-month ECL		(1,886,989)	(1,994,831)	(775,643)	(856,954)
- Stage 2 - Lifetime ECL not credit impaired		(3,695,297)	(3,376,730)	(1,412,505)	(1,705,204)
- Stage 3 - Lifetime ECL credit impaired		(6,309,928)	(6,135,332)	(4,095,397)	(3,633,579)
Net loans, advances and financing to customers		540,839,323	511,310,107	209,286,971	199,881,476
Net loans, advances and financing	(i) & (ii)	541,887,889	512,210,093	240,123,267	229,924,462

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(iii) Loans, advances and financing to financial institutions and customers:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans/financing to financial institutions (Note 12(i))	1,057,025	906,576	32,141,670	30,490,995
Overdrafts/cashline	17,809,595	19,065,309	6,447,758	7,481,675
Term loans:				
– Housing loans/financing	185,322,915	174,145,515	44,671,995	43,022,417
– Syndicated loans/financing	52,118,452	50,214,403	43,522,330	40,563,771
– Hire purchase receivables*	76,148,332	75,607,626	10,873,609	13,009,452
– Lease receivables	1,029,886	521,253	–	–
– Other loans/financing	207,782,092	207,218,162	59,927,412	61,901,874
Credit card receivables	8,877,535	8,664,565	5,851,168	5,652,016
Bills receivables	6,252,903	2,718,711	5,793,747	2,189,748
Trust receipts	4,207,267	2,716,310	3,507,009	2,189,538
Claims on customers under acceptance credits	10,551,268	9,302,357	4,834,880	4,259,393
Revolving credits	52,871,447	49,360,283	27,947,802	24,244,977
Share margin financing	7,871,901	5,960,978	2,567,777	2,135,038
Staff loans	3,860,282	3,721,072	539,226	565,441
Loans to:				
– Directors of the Bank	4,019	4,489	1,263	1,120
– Directors of subsidiaries	6,562	5,954	96	69
Others	68,257	813,012	7	2
	635,839,738	610,946,575	248,627,749	237,707,526
Unearned interest and income	(82,051,176)	(87,222,999)	(915,563)	(1,139,318)
Gross loans, advances and financing	553,788,562	523,723,576	247,712,186	236,568,208
Allowances for loans, advances and financing:				
– Stage 1 – 12-month ECL	(1,895,232)	(2,001,054)	(805,617)	(878,676)
– Stage 2 – Lifetime ECL not credit impaired	(3,695,513)	(3,377,097)	(1,414,643)	(1,722,427)
– Stage 3 – Lifetime ECL credit impaired	(6,309,928)	(6,135,332)	(5,368,659)	(4,042,643)
Net loans, advances and financing	541,887,889	512,210,093	240,123,267	229,924,462

* The hire purchase receivables of a subsidiary of RM1,083,007,000 (2020: RM1,254,276,000) are pledged as collateral to a secured borrowing as disclosed in Note 30(a).

(iv) Loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Domestic banking institutions	1,090,278	901,894	32,118,949	30,490,995
Domestic non-banking financial institutions	19,985,288	18,364,255	15,651,093	13,654,089
Domestic business enterprises:				
– Small and medium enterprises	67,809,914	61,403,405	27,570,169	25,363,794
– Others	117,257,373	116,540,316	64,111,866	64,623,343
Government and statutory bodies	15,065,405	16,260,952	102,106	116,564
Individuals	277,550,234	262,645,679	65,225,562	66,284,495
Other domestic entities	12,292,479	11,961,524	3,425,920	2,778,440
Foreign entities	42,737,591	35,645,551	39,506,521	33,256,488
Gross loans, advances and financing	553,788,562	523,723,576	247,712,186	236,568,208

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31 December 2021

12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(v) Loans, advances and financing analysed by geographical locations are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	340,633,110	326,828,279	154,888,231	152,682,615
Singapore	136,157,869	122,904,956	57,977,104	52,187,746
Indonesia	30,870,702	31,151,046	-	-
Labuan Offshore	11,540,974	14,486,857	11,540,974	14,486,857
Hong Kong SAR	14,367,088	11,673,338	13,861,026	10,698,916
United States of America	1,126,746	810,455	1,126,159	809,890
People's Republic of China	5,306,726	2,943,282	5,306,726	2,943,282
Vietnam	1,954,215	1,257,994	1,224,596	921,657
United Kingdom	1,056,921	1,033,429	1,056,921	1,033,429
Brunei	517,548	533,429	517,548	533,429
Cambodia	3,629,703	3,138,433	-	-
Philippines	4,171,922	5,153,819	-	-
Thailand	2,242,137	1,537,872	-	-
Laos	54,531	68,927	54,531	68,927
Myanmar	158,370	201,460	158,370	201,460
Gross loans, advances and financing	553,788,562	523,723,576	247,712,186	236,568,208

(vi) Loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate:				
- Housing loans/financing	27,783,089	21,686,920	424,293	439,894
- Hire purchase receivables	57,178,522	58,098,807	9,167,701	11,043,302
- Other fixed rate loans/financing	67,819,622	68,698,013	53,731,713	51,067,697
	152,781,233	148,483,740	63,323,707	62,550,893
Variable rate:				
- Base lending/financing rate/base rate plus	213,944,494	206,192,623	78,167,458	75,789,317
- Cost plus	52,608,877	57,502,327	36,365,974	43,262,247
- Other variable rates	134,453,958	111,544,886	69,855,047	54,965,751
	401,007,329	375,239,836	184,388,479	174,017,315
Gross loans, advances and financing	553,788,562	523,723,576	247,712,186	236,568,208

(vii) Loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of securities	38,584,740	36,337,689	7,552,785	7,199,018
Purchase of transport vehicles	68,721,416	68,521,829	8,838,525	10,932,965
Purchase of landed properties:				
- Residential	149,867,083	134,192,016	43,575,151	41,585,622
- Non-residential	39,236,803	40,258,823	15,537,724	17,448,919
Purchase of fixed assets (excluding landed properties)	3,425,397	3,522,105	2,686,077	2,838,799
Personal use	9,426,126	11,533,431	3,817,592	4,476,932
Credit card	8,987,387	8,701,661	5,883,705	5,654,347
Purchase of consumer durables	6,031	9,715	5,511	9,369
Constructions	17,481,085	16,482,318	10,065,843	9,061,197
Mergers and acquisitions	1,679,119	1,467,097	1,168,183	1,460,384
Working capital	179,145,946	163,786,319	120,876,904	105,602,857
Others	37,227,429	38,910,573	27,704,186	30,297,799
Gross loans, advances and financing	553,788,562	523,723,576	247,712,186	236,568,208

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12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(viii) The maturity profile of loans, advances and financing are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	131,580,713	115,325,443	80,486,946	67,488,355
One year to three years	54,245,220	55,128,115	38,560,663	40,521,401
Three years to five years	66,393,177	52,964,359	33,574,289	24,256,065
After five years	301,569,452	300,305,659	95,090,288	104,302,387
Gross loans, advances and financing	553,788,562	523,723,576	247,712,186	236,568,208

(ix) Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	11,674,491	13,857,936	7,120,298	8,825,195
Impaired during the financial year	4,738,499	3,899,391	6,261,789	1,398,869
Reclassified as non-impaired	(527,676)	(1,126,502)	(189,905)	(330,357)
Amount recovered	(2,229,305)	(1,766,812)	(1,216,200)	(760,065)
Amount written off	(3,052,183)	(3,485,303)	(2,220,193)	(2,311,501)
Exchange differences	439,707	295,781	347,914	298,157
Gross impaired loans at 31 December	11,043,533	11,674,491	10,103,703	7,120,298
Less: Stage 3 – Lifetime ECL credit impaired	(6,426,566)	(6,208,777)	(5,485,297)	(4,116,088)
Net impaired loans at 31 December	4,616,967	5,465,714	4,618,406	3,004,210
<u>Calculation of ratio of net impaired loans:</u>				
Gross impaired loans at 31 December (excluding financing funded by Investment Account*)	10,979,801	11,586,572	10,103,703	7,120,298
Less: Stage 3 – Lifetime ECL credit impaired	(6,426,566)	(6,208,777)	(5,485,297)	(4,116,088)
Net impaired loans	4,553,235	5,377,795	4,618,406	3,004,210
Gross loans, advances and financing	553,788,562	523,723,576	247,712,186	236,568,208
Less: Funded by Investment Accounts*	(28,720,799)	(23,840,796)	-	-
Less: Allowances for loans, advances and financing at FVOCI and at amortised cost	(12,359,557)	(12,404,277)	(8,045,502)	(7,530,386)
Net loans, advances and financing	512,708,206	487,478,503	239,666,684	229,037,822
Ratio of net impaired loans	0.89%	1.10%	1.93%	1.31%

* In the book 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of securities	66,100	144,436	8,244	16,428
Purchase of transport vehicles	386,319	543,608	58,727	94,880
Purchase of landed properties:				
– Residential	933,740	1,178,937	295,117	375,072
– Non-residential	415,060	515,602	159,874	214,484
Purchase of fixed assets (excluding landed properties)	544,711	1,427,124	532,943	1,413,945
Personal use	165,432	257,705	92,697	162,320
Credit card	61,937	65,846	21,832	24,064
Purchase of consumer durables	3,553	6,659	3,551	6,657
Constructions	1,361,798	950,179	1,288,430	859,978
Working capital	6,752,548	5,606,863	7,509,586	3,220,169
Others	352,335	977,532	132,702	732,301
Gross impaired loans, advances and financing	11,043,533	11,674,491	10,103,703	7,120,298

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12. LOANS, ADVANCES AND FINANCING (CONT'D.)

(xi) Impaired loans, advances and financing by geographical distribution are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	4,069,286	5,063,672	5,639,384	3,191,060
Singapore	2,257,333	3,834,761	1,825,988	3,258,461
Indonesia	1,572,988	1,567,942	–	–
Labuan Offshore	27,802	70,755	27,802	70,755
Hong Kong SAR	1,875,164	132,863	1,867,305	124,744
United States of America	636,443	209,065	635,855	208,498
People's Republic of China	26,670	162,307	26,670	162,307
Vietnam	19,757	39,781	19,325	39,193
Brunei	61,345	64,419	61,345	64,419
Cambodia	104,582	67,493	–	–
Philippines	359,765	416,341	–	–
Thailand	32,369	34,487	–	–
Laos	29	861	29	861
Others	–	9,744	–	–
Gross impaired loans, advances and financing	11,043,533	11,674,491	10,103,703	7,120,298

(xii) Analysis of changes in gross carrying amount and the corresponding allowances for loans, advances and financing are as follows:

As at 31 December 2021

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 2021 were mainly due to the following:

- Gross carrying amount grew primarily from housing loans/financing and revolving credits by 6% and 7% respectively.
- Despite higher growth in loans, advances and financing, the ECL for Stage 1 (12-month ECL) decreased primarily due to the improvement in macro-economic outlook and repayment behavioural trend while ECL for Stage 2 (lifetime ECL not credit impaired) and Stage 3 (lifetime ECL credit impaired) increased mainly contributed by accounts under high risk industry.
- The gross carrying amount of loans, advances and financing that was written off during the year, which is still subject to recovery activity for the Group and the Bank were RM3,052.2 million (2020: RM3,485.3 million) and RM2,220.2 million (2020: RM2,311.5 million) respectively. This has resulted in the reduction of Stage 3 lifetime ECL credit impaired by the same amount.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 2021 (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	
Group				
At 1 January 2021	40,781	776,568	73,445	890,794
Transferred to Stage 2	(1,963)	1,963	-	-
Net remeasurement of allowances	(2,092)	(501,922)	41,879	(462,135)
New financial assets originated or purchased	24,190	1,345	-	25,535
Financial assets derecognised	(5,069)	(2,494)	(3)	(7,566)
Changes in models/risk parameters	2,798	(5,124)	-	(2,326)
Exchange differences	1,068	12,197	1,317	14,582
At 31 December 2021	59,713	282,533	116,638	458,884
Bank				
At 1 January 2021	39,122	774,073	73,445	886,640
Transferred to Stage 2	(1,963)	1,963	-	-
Net remeasurement of allowances	(2,226)	(501,922)	41,879	(462,269)
New financial assets originated or purchased	24,144	1,345	-	25,489
Financial assets derecognised	(4,432)	-	(3)	(4,435)
Changes in models/risk parameters	1,713	(5,124)	-	(3,411)
Exchange differences	1,056	12,196	1,317	14,569
At 31 December 2021	57,414	282,531	116,638	456,583

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	
Group				
At 1 January 2021	2,001,054	3,377,097	6,135,332	11,513,483
Transferred to Stage 1	568,185	(521,276)	(46,909)	-
Transferred to Stage 2	(63,690)	130,620	(66,930)	-
Transferred to Stage 3	(15,739)	(405,107)	420,846	-
Net remeasurement of allowances	(667,492)	1,177,562	3,274,612	3,784,682
New financial assets originated or purchased	464,616	277,913	-	742,529
Financial assets derecognised	(347,530)	(343,683)	(438,498)	(1,129,711)
Changes in models/risk parameters	(82,017)	(15,493)	(5,730)	(103,240)
Amount written off	-	-	(3,052,183)	(3,052,183)
Exchange differences	37,845	17,880	89,388	145,113
At 31 December 2021	1,895,232	3,695,513	6,309,928	11,900,673
Bank				
At 1 January 2021	878,676	1,722,427	4,042,643	6,643,746
Transferred to Stage 1	245,303	(224,769)	(20,534)	-
Transferred to Stage 2	(41,939)	72,809	(30,870)	-
Transferred to Stage 3	(4,353)	(382,120)	386,473	-
Net remeasurement of allowances	(274,203)	238,778	2,461,096	2,425,671
New financial assets originated or purchased	177,789	138,616	923,797	1,240,202
Financial assets derecognised	(187,596)	(149,996)	(234,487)	(572,079)
Changes in models/risk parameters	(21,617)	(8,388)	-	(30,005)
Amount written off	-	-	(2,220,193)	(2,220,193)
Exchange differences	33,557	7,286	60,734	101,577
At 31 December 2021	805,617	1,414,643	5,368,659	7,588,919

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

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.

At fair value through other comprehensive income

	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
Group				
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
Bank				
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 amortised cost

	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	
Group				
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
Bank				
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 Liabilities RM'000		Principal Amount RM'000	Fair Values Assets RM'000 Liabilities RM'000	
2021						
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
– Less than one year	52,383,104	302,518	(267,344)	36,270,399	230,913	(210,434)
– One year to three years	1,368,972	37,563	(15,412)	1,292,477	37,563	(15,412)
– More than three years	4,443,362	16,814	(20,326)	3,237,237	16,814	(20,326)
	58,195,438	356,895	(303,082)	40,800,113	285,290	(246,172)
Currency swaps:						
– Less than one year	334,544,842	1,422,674	(1,758,763)	343,545,168	1,434,155	(1,740,320)
– One year to three years	84,540	96	–	84,540	96	–
	334,629,382	1,422,770	(1,758,763)	343,629,708	1,434,251	(1,740,320)
Currency spots:						
– Less than one year	2,787,249	2,845	(4,455)	2,351,579	2,915	(3,264)
Currency options:						
– Less than one year	4,263,239	41,533	(12,729)	4,264,155	41,510	(12,638)
– One year to three years	2,928,432	36,278	(62,034)	4,472,729	36,278	(51,794)
– More than three years	434,595	60	(60)	434,595	60	(60)
	7,626,266	77,871	(74,823)	9,171,479	77,848	(64,492)
Cross currency interest rate swaps ¹ :						
– Less than one year	8,699,273	122,232	(231,409)	7,349,336	101,589	(219,613)
– One year to three years	14,357,194	320,927	(301,169)	13,232,126	281,420	(295,644)
– More than three years	9,828,580	97,311	(72,747)	10,256,540	104,367	(70,192)
	32,885,047	540,470	(605,325)	30,838,002	487,376	(585,449)
<u>Interest rate related contracts</u>						
Interest rate swaps ² :						
– Less than one year	115,941,022	257,333	(840,725)	116,356,648	256,095	(839,789)
– One year to three years	132,517,351	976,201	(1,099,843)	132,453,526	946,461	(1,092,720)
– More than three years	220,803,025	6,453,389	(5,074,187)	220,782,561	6,588,296	(5,071,126)
	469,261,398	7,686,923	(7,014,755)	469,592,735	7,790,852	(7,003,635)
Interest rate futures:						
– Less than one year	15,308,880	310,590	(385,647)	14,225,866	309,504	(385,647)
– One year to three years	10,333,256	3,364	(2,870)	9,833,404	2,824	(2,870)
	25,642,136	313,954	(388,517)	24,059,270	312,328	(388,517)
Interest rate options:						
– One year to three years	1,038,434	15,728	–	1,038,434	15,728	–
– More than three years	11,415,453	1,829,292	(2,203,322)	11,415,453	1,829,292	(2,203,322)
	12,453,887	1,845,020	(2,203,322)	12,453,887	1,845,020	(2,203,322)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	Fair Values Assets RM'000 Liabilities RM'000		Principal Amount RM'000	Fair Values Assets RM'000 Liabilities RM'000	
2021 (cont'd.)						
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Equity options:						
- Less than one year	1,993,390	207,356	(87,769)	-	-	-
Equity swaps:						
- Less than one year	2,028,877	46,295	(63,362)	-	-	-
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	3,535,516	245,936	(245,936)	3,535,516	245,936	(245,936)
- One year to three years	1,891,668	173,476	(173,476)	1,891,668	173,476	(173,476)
	5,427,184	419,412	(419,412)	5,427,184	419,412	(419,412)
Commodity swaps:						
- Less than one year	41,816	5,876	(5,532)	41,816	5,876	(5,532)
- One year to three years	25,239	2,767	(2,461)	25,239	2,767	(2,461)
	67,055	8,643	(7,993)	67,055	8,643	(7,993)
<u>Credit related contracts</u>						
Credit default swaps:						
- Less than one year	40,813	468	(807)	40,813	468	(807)
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps ¹ :						
- Less than one year	4,224,063	76,783	(76,595)	4,224,063	76,783	(76,595)
- One year to three years	3,726,057	128,940	(110,637)	3,726,057	128,940	(110,637)
- More than three years	2,497,225	97,570	(58,369)	2,497,225	97,570	(58,369)
	10,447,345	303,293	(245,601)	10,447,345	303,293	(245,601)
<u>Interest rate related contracts</u>						
Interest rate swaps ² :						
- Less than one year	625,800	3,605	(1,803)	625,800	3,605	(1,803)
- One year to three years	83,440	-	(844)	83,440	-	(844)
- More than three years	2,030,095	67,503	(3,390)	2,030,095	67,503	(3,390)
	2,739,335	71,108	(6,037)	2,739,335	71,108	(6,037)
Netting effects for reporting under MFRS 132	-	(545,848)	545,848	-	(540,365)	540,365
Total	966,224,802	12,757,475	(12,638,175)	951,618,505	12,498,439	(12,374,656)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	Fair Values Assets RM'000 Liabilities RM'000		Principal Amount RM'000	Fair Values Assets RM'000 Liabilities RM'000	
2020						
Trading derivatives						
<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 ¹ :						
– 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 ² :						
– 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

31 December 2021

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	Fair Values		Principal Amount RM'000	Fair Values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
2020 (cont'd.)						
Trading derivatives (cont'd.)						
<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)
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps ¹ :						
- 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 ² :						
- 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
Total	1,104,306,090	19,907,957	(19,151,751)	1,099,866,051	19,713,802	(18,724,393)

¹ The contractual notional amount of cross currency interest rate swaps held for hedging which is based on IBOR is RM7,603.5 million (2020: RM5,554.6 million) for the Group and the Bank.

² The contractual notional amount of interest rate swaps held for hedging which is based on IBOR is RM763.5 million (2020: RM482.0 million) for the Group and the Bank.

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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 2021, the Group and the Bank recognised the following net (loss)/gain:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/gain on the hedging instruments	(11,061)	72,112	(11,061)	72,112
Gain/(loss) on the hedged items attributable to the hedged risk	2,889	(32,451)	2,889	(32,451)

Net investment hedge

The Group has designated net investment hedge for borrowings amounting to USD0.05 billion (2020: USD0.05 billion) or Ringgit Malaysia equivalent of RM0.2 billion (2020: 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 loss totalling RM4,687,000 (net of tax) (2020: unrealised gain RM2,922,000) from the hedging relationship as disclosed in Note 35(c) was recognised through other comprehensive income.

14. REINSURANCE/RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES

Group	Note	2021 RM'000	2020 RM'000
Reinsurance/retakaful assets (Note 26)	(i)	6,627,633	5,045,832
Other insurance receivables	(ii)	888,231	732,749
		7,515,864	5,778,581

(i) Reinsurance/retakaful assets

Group	Note	2021 RM'000	2020 RM'000
Reinsurers' share of:		5,531,574	4,590,468
Life insurance contract liabilities		1,482,527	480,310
General insurance contract liabilities		4,049,047	4,110,158
Retakaful operators' share of:		1,096,262	474,578
Family takaful certificate liabilities		234,672	162,130
General takaful certificate liabilities		861,590	312,448
Allowances for impairment losses	(iii)	(203)	(19,214)
		6,627,633	5,045,832

(ii) Other insurance receivables

Group	Note	2021 RM'000	2020 RM'000
Due premium including agents/brokers and co-insurers balances		659,929	639,008
Due from reinsurers and cedants/retakaful operators		228,740	131,640
		888,669	770,648
Allowances for impairment losses	(iii)	(438)	(37,899)
		888,231	732,749

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14. REINSURANCE/RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES (CONT'D.)

(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 2021

The overall increase in gross carrying amount of reinsurance/retakaful assets and other insurance receivables for the Group was mainly contributed by reinsurers' share of life insurance contract liabilities. The decrease in ECL allowances was mainly due to change in model used in financial year ended 31 December 2021.

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 2021	57,113	-	-	57,113
Net remeasurement of allowances	(57,995)	-	-	(57,995)
Exchange differences	1,523	-	-	1,523
At 31 December 2021	641	-	-	641

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
	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

15. OTHER ASSETS

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other debtors	(i)	5,086,489	5,726,478	3,235,436	3,992,090
Amount due from brokers and clients	56	2,061,444	2,943,008	-	-
Prepayments and deposits		995,590	1,167,957	235,873	159,353
Tax recoverable		197,263	148,569	69,620	-
Foreclosed properties		357,351	345,931	28,500	28,500
		8,698,137	10,331,943	3,569,429	4,179,943
Allowances for impairment losses	(ii)	(53,206)	(95,069)	(18,899)	(63,341)
		8,644,931	10,236,874	3,550,530	4,116,602

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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 RM804,162,000 (2020: RM806,649,000).
- (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 2021

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 2021 were mainly due to lower impaired receivables.

	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
Group				
At 1 January 2021	6,635	8	88,426	95,069
Net remeasurement of allowances	348	12	(28,463)	(28,103)
Amount written off	-	-	(641)	(641)
Exchange differences	(1,176)	-	(11,943)	(13,119)
At 31 December 2021	5,807	20	47,379	53,206
Bank				
At 1 January 2021	-	-	63,341	63,341
Net remeasurement of allowances	-	-	(45,426)	(45,426)
Amount written off	-	-	(641)	(641)
Exchange differences	-	-	1,625	1,625
At 31 December 2021	-	-	18,899	18,899

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
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	RM'000
Group				
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
Bank				
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

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16. INVESTMENT PROPERTIES

Group	2021 RM'000	2020 RM'000
At fair value		
At 1 January	941,545	921,471
Additions	3,312	1,370
Fair value adjustments (Note 41)	30,301	18,522
Exchange differences	(110)	182
At 31 December	975,048	941,545

The following investment properties are held under lease terms:

Group	2021 RM'000	2020 RM'000
At fair value		
Leasehold land	139,722	137,100
Buildings	314,343	311,730
	454,065	448,830

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 55(b).

17. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Bank Negara Malaysia	(i)	185,987	352,758	185,987	340,061
Other central banks	(ii)	7,329,226	7,116,971	1,509,491	1,307,005
		7,515,213	7,469,729	1,695,478	1,647,066
Allowances for impairment losses	(iii)	(1,084)	(1,516)	-	-
		7,514,129	7,468,213	1,695,478	1,647,066

- (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.

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17. STATUTORY DEPOSITS WITH CENTRAL BANKS (CONT'D.)

(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
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 31 December 2021	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	1,516	-	-	1,516
Net remeasurement of allowances	(462)	-	-	(462)
Exchange differences	30	-	-	30
At 31 December 2021	1,084	-	-	1,084

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 31 December 2020	RM'000	RM'000	RM'000	RM'000
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	2021	2020
	RM'000	RM'000
Unquoted shares, at cost		
- In Malaysia	34,835,297	32,532,887
- Outside Malaysia	1,328,136	1,328,136
	36,163,433	33,861,023
Less: Accumulated impairment losses	(2,957,660)	(2,957,660)
	33,205,773	30,903,363

The following are major events of the Group and of the Bank during the financial year ended 31 December 2021:

(i) Liquidation of KE Sovereign Limited

On 9 March 2021, Maybank IBG Holdings Limited ("MIBGH"), a wholly-owned subsidiary of the Bank has completed the liquidation of KE Sovereign Limited, a wholly-owned subsidiary of the Bank. The Group recorded a loss arising from liquidation of RM7,165,000 as disclosed in Note 41.

(ii) Capital injection into PT Maybank Asset Management

On 22 April 2021, 21 June 2021 and 26 November 2021, Maybank Asset Management Sdn. Bhd. ("MAM"), an 80.0% subsidiary of the Bank injected additional capital of IDR9.0 billion (or equivalent amount of RM2.63 million), IDR9.0 billion (or equivalent amount of RM2.70 million) and IDR8.5 billion (or equivalent amount of RM2.55 million) respectively to PT Maybank Asset Management, a 79.2% subsidiary of the Bank.

(iii) Subscription of rights issue of 70,606,250 new ordinary shares issued by Maybank Islamic Berhad ("MIB"), a wholly-owned subsidiary of the Bank

On 28 June 2021, the Bank subscribed to rights issue of 22,594,000 new ordinary shares issued by MIB, at an issue price of RM31.28 per ordinary share for a total consideration of RM706,740,320.

On 28 September 2021, the Bank subscribed to rights issue of 48,012,250 new ordinary shares issued by MIB, at an issue price of RM35.12 per ordinary share for a total consideration of RM1,686,190,220.

(iv) Dilution and redemption of deemed controlled structured entities by the Bank

During the financial year ended 31 December 2021, the Bank had experienced dilution of interest and redeemed its investment in deemed controlled structured entities as follows:

- (a) The Bank's investment in Maybank Malaysia SmallCap Fund, an equity fund managed by MAM, an 80.0% subsidiary of the Bank through Maybank Asset Management Group Berhad ("MAMG"), for an equivalent amount of RM71.68 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 RM8,571,000 and RM32,784,000 respectively as disclosed in Note 41.

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18. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The following are major events of the Group and of the Bank during the financial year ended 31 December 2021 (cont'd.):

(iv) Dilution and redemption of deemed controlled structured entities by the Bank (cont'd.)

During the financial year ended 31 December 2021, the Bank had experienced dilution of interest and redeemed its investment in deemed controlled structured entities as follows (cont'd.):

- (b) The Bank redeemed its investment in Maybank Enhanced Income Fund, an equity fund managed by Maybank Asset Management Singapore Pte. Ltd. ("MAMS"), an 80.0% subsidiary of the Bank through MAMG, for an amount of RM15.71 million.

The Bank recorded gain on redemption of the investment in deemed controlled structured entity amounting to RM1,025,000 as disclosed in Note 41.

- (c) The Bank redeemed its investment in Maybank All-Weather Quantitative Fund, an equity fund managed by MAMS, an 80.0% subsidiary of the Bank through MAMG, an 80.0% subsidiary of the Bank, for an amount of RM3.13 million.

The Bank recorded gain on redemption of the investment in deemed controlled structured entity amounting to RM1,037,000 as disclosed in Note 41.

The following were major events of the Group and of the Bank during the previous financial year ended 31 December 2020:

(i) Incorporation of Etiqa Digital Solutions Sdn. Bhd. ("EDS")

During the previous financial year ended 31 December 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.

Subsequently, 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")

During the previous financial year ended 31 December 2020, the Bank via Cepak 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

During the previous financial year ended 31 December 2020, 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

During the previous financial year ended 31 December 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.)

During the previous financial year ended 31 December 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 41.

(vi) Capital injection into Etiqa Insurance Pte. Ltd.

During the previous financial year ended 31 December 2020, MAHB, 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.

During the previous financial year ended 31 December 2020, MAMG, an 80.0% subsidiary of the Bank, received capital repayment of RM10.5 million from Maybank Private Equity Sdn. Bhd., an 80.0% subsidiary of the Bank.

(viii) Capital injection into Etiqa Life Insurance (Cambodia) Plc.

During the previous financial year ended 31 December 2020, EIH, 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 previous financial year ended 31 December 2020, the Bank had invested and redeemed its investment in deemed controlled structured entities as follows:

- (a) The Bank invested into Maybank All-Weather Quantitative Fund, an equity fund managed by MAMS, an 80.0% subsidiary of the Bank through MAMG, an 80.0% subsidiary of the Bank, for an equivalent amount of RM12.6 million as a deemed controlled structured entity.
- (b) The Bank redeemed its investment in Maybank Malaysia SmallCap Fund (formerly known as Maybank SmallCap Trust Fund), an equity fund managed by MAM, an 80.0% 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 41.

- (c) 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 41.

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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 IBG Holdings Limited ("MIBGH").

The proportion of effective equity interest held by non-controlling interests within EIH and MIBGH are disclosed in Note 65(a).

The summarised financial information of EIH and MIBGH are disclosed as follows:

	EIH		MIBGH	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Summarised income statements:				
Interest income	1,488,181	1,319,080	320,108	273,515
Interest expense	(9,848)	-	(72,530)	(81,756)
Net interest income	1,478,333	1,319,080	247,578	191,759
Net earned insurance premiums	8,888,525	9,600,290	-	-
Other operating income	(784,042)	631,699	676,397	623,626
Total operating income	9,582,816	11,551,069	923,975	815,385
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(7,702,634)	(9,610,162)	-	-
Net operating income	1,880,182	1,940,907	923,975	815,385
Overhead expenses	(1,001,833)	(932,281)	(631,941)	(657,948)
Operating profit before impairment losses	878,349	1,008,626	292,034	157,437
Allowances for impairment losses on loans, advances, financing and other debts, net	(3,737)	(6,192)	(660)	(906)
Writeback of/(allowances for) impairment losses on financial investments, net	304	(1,287)	(311)	(2,894)
Writeback of/(allowances for) impairment losses on other financial assets and goodwill, net	34,315	(13,736)	(26,791)	(9,509)
Operating profit	909,231	987,411	264,272	144,128
Share of profits in associates	-	-	13,992	10,959
Profit before taxation and zakat	909,231	987,411	278,264	155,087
Taxation and zakat	(127,654)	(279,676)	(57,547)	(40,857)
Profit for the financial year	781,577	707,735	220,717	114,230
Attributable to:				
Equity holders of the Bank	603,382	530,437	199,417	100,282
Non-controlling interests	178,195	177,298	21,300	13,948
	781,577	707,735	220,717	114,230
Dividends paid to non-controlling interests of the Group	77,455	77,455	12,036	3,482
Summarised statements of financial position:				
Total assets	54,373,337	48,263,063	13,643,305	10,718,586
Total liabilities	(46,474,593)	(40,681,672)	(11,782,570)	(8,959,359)
Total equity	7,898,744	7,581,391	1,860,735	1,759,227
Attributable to:				
Equity holders of the Bank	5,512,198	5,228,679	1,755,056	1,653,417
Non-controlling interests	2,386,546	2,352,712	105,679	105,810
	7,898,744	7,581,391	1,860,735	1,759,227
Summarised cash flow statements:				
Operating activities	(559,292)	1,134,330	(588,456)	(365,694)
Investing activities	(37,195)	(36,073)	(13,268)	(9,393)
Financing activities	542,046	(259,200)	868,454	602,790
Net (decrease)/increase in cash and cash equivalents	(54,441)	839,057	266,730	227,703

Details of the subsidiaries of the Bank are disclosed in Note 65(a).

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19. INTEREST IN ASSOCIATES AND JOINT VENTURES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Equity interest				
Unquoted shares, at cost	701,413	774,034	440,730	440,730
Quoted shares, at cost	2,864,864	2,864,864	-	-
Exchange differences	(1,870,647)	(1,732,696)	-	-
	1,695,630	1,906,202	440,730	440,730
Share of post-acquisition reserves	1,156,811	1,135,206	-	-
	2,852,441	3,041,408	440,730	440,730
Less: Accumulated impairment losses	(361,006)	(361,006)	-	-
	2,491,435	2,680,402	440,730	440,730
Market value of quoted shares	807,130	1,034,201	-	-

- (i) The carrying amount of interest in joint ventures of the Group has been reduced to zero since 31 December 2019.
- (ii) During the financial year ended 31 December 2021, An Binh Commercial Joint Stock Bank (“ABB”) completed the rights issue exercise to existing shareholders and shares issuance to employees. The Bank did not participate in the rights issue and accordingly its percentage in ABB is reduced from 20.0% to 16.4%. The Group recorded a loss on dilution of interest in associates of RM60,158,000 as disclosed in Note 41.
- (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
2021				
Interest income	3,287,132	1,123,145	37,932	4,448,209
Interest expense	(1,553,033)	(606,552)	(16,663)	(2,176,248)
Net interest income	1,734,099	516,593	21,269	2,271,961
Other operating income	433,206	219,626	131,156	783,988
Net operating income	2,167,305	736,219	152,425	3,055,949
Overhead expenses	(1,061,402)	(293,243)	(148,079)	(1,502,724)
Operating profit before impairment losses	1,105,903	442,976	4,346	1,553,225
Writeback of/(allowances for) impairment losses on loans, advances and financing, net	118,936	(135,632)	249	(16,447)
Operating profit	1,224,839	307,344	4,595	1,536,778
Share of profits in associates	23,454	-	-	23,454
Profit before taxation	1,248,293	307,344	4,595	1,560,232
Taxation	(514,536)	(58,103)	(3,664)	(576,303)
Profit for the financial year	733,757	249,241	931	983,929
Group’s share of profits for the financial year	137,800	47,932	451	186,183
Dividends paid by the associates during the financial year	140,739	-	896	141,635

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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
2020				
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

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
2021				
Total assets	49,212,885	19,299,498	605,703	69,118,086
Total liabilities	(44,701,089)	(17,647,297)	(398,289)	(62,746,675)
Total equity	4,511,796	1,652,201	207,414	6,371,411
Proportion of Group's ownership	847,315	270,795	59,618	1,177,728
Goodwill	815,942	202,953	294,812	1,313,707
Carrying amount of the investment	1,663,257	473,748	354,430	2,491,435
2020				
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)
Total equity	5,010,662	1,604,626	218,721	6,834,009
Proportion of Group's ownership	941,002	320,925	62,812	1,324,739
Goodwill	865,318	195,533	294,812	1,355,663
Carrying amount of the investment	1,806,320	516,458	357,624	2,680,402

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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 65(c) and Note 65(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	2021 RM'000	2020 RM'000
At 1 January	1,355,663	1,405,972
Exchange differences	(41,956)	(50,309)
At 31 December	1,313,707	1,355,663

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
As at 31 December 2021							
Cost							
At 1 January 2021	2,200,333	1,630,069	1,565,806	314,016	62,580	24,189	5,796,993
Additions	5,834	30,006	124,727	3,002	1,365	32,820	197,754
Disposals	-	(7,273)	(21,895)	(37)	(2,674)	(3,009)	(34,888)
Write-offs (Note 43)	-	(29,953)	(49,264)	(4,783)	(1,233)	-	(85,233)
Transferred between categories	-	9,253	2,013	441	-	(11,707)	-
Transferred from intangible assets (Note 22)	-	383	1,100	-	-	-	1,483
Exchange differences	40,564	13,200	2,937	(10,148)	(946)	(8,383)	37,224
At 31 December 2021	2,246,731	1,645,685	1,625,424	302,491	59,092	33,910	5,913,333
Accumulated depreciation and impairment losses							
At 1 January 2021	766,417	1,382,294	1,134,012	258,523	48,898	-	3,590,144
Depreciation charge for the financial year (Note 43)	45,317	80,505	151,714	15,819	6,631	-	299,986
Disposals	-	(6,887)	(21,825)	(37)	(2,522)	-	(31,271)
Write-offs (Note 43)	-	(29,930)	(49,093)	(4,783)	(1,158)	-	(84,964)
Transferred between categories	-	(176)	-	176	-	-	-
Exchange differences	21,828	(2,277)	(4,424)	(3,073)	(2,605)	-	9,449
At 31 December 2021	833,562	1,423,529	1,210,384	266,625	49,244	-	3,783,344
Analysed as:							
Accumulated depreciation	826,058	1,423,525	1,210,384	266,625	49,244	-	3,775,836
Accumulated impairment losses	7,504	4	-	-	-	-	7,508
	833,562	1,423,529	1,210,384	266,625	49,244	-	3,783,344
Net carrying amount							
At 31 December 2021	1,413,169	222,156	415,040	35,866	9,848	33,910	2,129,989

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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
As at 31 December 2020							
Cost							
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 43)	-	(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
Accumulated depreciation and impairment losses							
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 43)	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 43)	-	(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
Net carrying amount							
At 31 December 2020	1,433,916	247,775	431,794	55,493	13,682	24,189	2,206,849

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20. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land		Leasehold Land [^]		Total 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	
As at 31 December 2021							
*Properties consist of:							
Cost							
At 1 January 2021	109,026	481,574	389,939	637,294	167,757	414,743	2,200,333
Additions	-	249	2,265	-	3,320	-	5,834
Transferred between categories	-	-	-	-	110	(110)	-
Exchange differences	1,106	5,496	6,534	15,752	4,426	7,250	40,564
At 31 December 2021	110,132	487,319	398,738	653,046	175,613	421,883	2,246,731
Accumulated depreciation and impairment losses							
At 1 January 2021	54	256,961	219,208	202,013	9,072	79,109	766,417
Depreciation charge for the financial year	-	10,066	18,642	13,394	389	2,826	45,317
Transferred between categories	-	-	-	-	50	(50)	-
Exchange differences	2	6,223	2,159	7,829	218	5,397	21,828
At 31 December 2021	56	273,250	240,009	223,236	9,729	87,282	833,562
Analysed as:							
Accumulated depreciation	2	267,271	239,140	222,810	9,729	87,106	826,058
Accumulated impairment losses	54	5,979	869	426	-	176	7,504
	56	273,250	240,009	223,236	9,729	87,282	833,562
Net carrying amount							
At 31 December 2021	110,076	214,069	158,729	429,810	165,884	334,601	1,413,169
As at 31 December 2020							
*Properties consist of:							
Cost							
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
Accumulated depreciation and impairment losses							
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
Net carrying amount							
At 31 December 2020	108,972	224,613	170,731	435,281	158,685	335,634	1,433,916

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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
As at 31 December 2021							
Cost							
At 1 January 2021	1,276,009	929,409	383,539	210,941	12,510	4,936	2,817,344
Additions	-	8,327	1,476	1,975	-	12,440	24,218
Disposals	-	-	(20,966)	-	(82)	-	(21,048)
Write-offs (Note 43)	-	(22,041)	(37,862)	(4,783)	(776)	-	(65,462)
Transferred between categories	-	5,881	-	441	-	(6,322)	-
Transferred from intangible assets (Note 22)	-	-	611	-	-	-	611
Exchange differences	7,320	916	991	205	89	24	9,545
At 31 December 2021	1,283,329	922,492	327,789	208,779	11,741	11,078	2,765,208
Accumulated depreciation							
At 1 January 2021	553,453	827,762	306,181	177,730	10,451	-	1,875,577
Depreciation charge for the financial year (Note 43)	22,609	36,017	20,090	10,126	703	-	89,545
Disposals	-	-	(20,966)	-	(82)	-	(21,048)
Write-offs (Note 43)	-	(22,046)	(37,702)	(4,783)	(776)	-	(65,307)
Transferred between categories	-	(176)	-	176	-	-	-
Exchange differences	2,462	834	766	187	73	-	4,322
At 31 December 2021	578,524	842,391	268,369	183,436	10,369	-	1,883,089
Net carrying amount							
At 31 December 2021	704,805	80,101	59,420	25,343	1,372	11,078	882,119
As at 31 December 2020							
Cost							
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 43)	-	(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
Accumulated depreciation							
At 1 January 2020	531,817	824,755	324,550	169,071	10,779	-	1,860,972
Depreciation charge for the financial year (Note 43)	22,527	43,016	22,524	12,376	654	-	101,097
Disposals	(695)	(3)	(36,302)	-	(847)	-	(37,847)
Write-offs (Note 43)	-	(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
Net carrying amount							
At 31 December 2020	722,556	101,647	77,358	33,211	2,059	4,936	941,767

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20. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land		Leasehold Land [^]		Total 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	
As at 31 December 2021							
*Properties consist of:							
Cost							
At 1 January 2021	104,205	402,546	316,528	343,296	19,336	90,098	1,276,009
Transferred between categories	-	-	-	-	110	(110)	-
Exchange differences	141	(39)	476	6,353	(12)	401	7,320
At 31 December 2021	104,346	402,507	317,004	349,649	19,434	90,389	1,283,329
Accumulated depreciation							
At 1 January 2021	-	228,910	165,956	127,918	7,684	22,985	553,453
Depreciation charge for the financial year	-	8,092	5,481	7,726	373	937	22,609
Transferred between categories	-	-	-	-	50	(50)	-
Exchange differences	-	(274)	516	2,084	(12)	148	2,462
At 31 December 2021	-	236,728	171,953	137,728	8,095	24,020	578,524
Net carrying amount							
At 31 December 2021	104,346	165,779	145,051	211,921	11,339	66,369	704,805
As at 31 December 2020							
*Properties consist of:							
Cost							
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
Accumulated depreciation							
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
Net carrying amount							
At 31 December 2020	104,205	173,636	150,572	215,378	11,652	67,113	722,556

[^] The leasehold land identified as ROU assets for the Group and the Bank as disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

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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
As at 31 December 2021					
Cost					
At 1 January 2021	1,388,183	1,265	559,944	21,046	1,970,438
Additions	344,679	77	1,259	798	346,813
Termination	(86,336)	(248)	(38,967)	(1,416)	(126,967)
Modification	17,244	-	-	3,742	20,986
Exchange differences	15,794	35	1,314	538	17,681
At 31 December 2021	1,679,564	1,129	523,550	24,708	2,228,951
Accumulated depreciation					
At 1 January 2021	424,905	694	294,227	5,158	724,984
Depreciation charge for the financial year (Note 43)	267,147	290	176,906	4,221	448,564
Termination	(84,676)	(228)	(37,091)	(801)	(122,796)
Modification	798	-	-	3,117	3,915
Exchange differences	2,946	21	537	216	3,720
At 31 December 2021	611,120	777	434,579	11,911	1,058,387
Net carrying amount					
At 31 December 2021	1,068,444	352	88,971	12,797	1,170,564
As at 31 December 2020					
Cost					
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
Accumulated depreciation					
At 1 January 2020	256,117	430	128,524	1,102	386,173
Depreciation charge for the financial year (Note 43)	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
Net carrying amount					
At 31 December 2020	963,278	571	265,717	15,888	1,245,454

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21. RIGHT-OF-USE ASSETS (CONT'D.)

Bank	Premises RM'000	Office Equipments RM'000	Computers and Data Centres RM'000	Motor Vehicles RM'000	Total RM'000
As at 31 December 2021					
Cost					
At 1 January 2021	616,233	557	217	222	617,229
Additions	224,359	30	165	155	224,709
Termination	(48,298)	(64)	-	(236)	(48,598)
Modification	7,596	-	-	-	7,596
Exchange differences	5,928	19	13	12	5,972
At 31 December 2021	805,818	542	395	153	806,908
Accumulated depreciation					
At 1 January 2021	192,502	387	11	190	193,090
Depreciation charge for the financial year (Note 43)	110,234	145	130	80	110,589
Termination	(47,529)	(48)	-	(236)	(47,813)
Modification	468	-	-	-	468
Exchange differences	429	14	1	4	448
At 31 December 2021	256,104	498	142	38	256,782
Net carrying amount					
At 31 December 2021	549,714	44	253	115	550,126
As at 31 December 2020					
Cost					
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
Accumulated depreciation					
At 1 January 2020	105,841	235	112	87	106,275
Depreciation charge for the financial year (Note 43)	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
Net carrying amount					
At 31 December 2020	423,731	170	206	32	424,139

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 2021 are RM1,671,049,000 (2020: RM1,739,773,000) and RM627,834,000 (2020: RM502,904,000) respectively.

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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
As at 31 December 2021								
Cost								
At 1 January 2021	7,180,771	304,780	82,742	162,249	11,141	2,753,044	249,878	10,744,605
Additions	-	-	-	-	-	78,938	173,813	252,751
Disposals	-	-	-	-	-	(473)	-	(473)
Write-offs (Note 43)	-	-	-	-	-	(1,740)	(17,320)	(19,060)
Transferred between categories	-	-	-	-	-	112,959	(112,959)	-
Transferred to property, plant and equipment (Note 20)	-	-	-	-	-	(541)	(942)	(1,483)
Exchange differences	138,954	6,769	-	1,219	-	13,414	1,598	161,954
At 31 December 2021	7,319,725	311,549	82,742	163,468	11,141	2,955,601	294,068	11,138,294
Accumulated amortisation								
At 1 January 2021	-	304,780	81,985	162,249	-	1,902,591	-	2,451,605
Amortisation charge for the financial year (Note 43)	-	-	756	-	-	281,968	-	282,724
Disposal	-	-	-	-	-	(341)	-	(341)
Write-offs (Note 43)	-	-	-	-	-	(1,740)	-	(1,740)
Exchange differences	-	6,769	1	1,219	-	8,652	-	16,641
At 31 December 2021	-	311,549	82,742	163,468	-	2,191,130	-	2,748,889
Accumulated impairment losses								
At 1 January 2021	1,644,496	-	-	-	-	-	-	1,644,496
Impairment loss (Note 47(b))	53,529	-	-	-	-	-	-	53,529
Exchange differences	7,919	-	-	-	-	-	-	7,919
At 31 December 2021	1,705,944	-	-	-	-	-	-	1,705,944
Net carrying amount								
At 31 December 2021	5,613,781	-	-	-	11,141	764,471	294,068	6,683,461
As at 31 December 2020								
Cost								
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 43)	-	-	-	-	-	(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
Accumulated amortisation								
At 1 January 2020	-	314,704	78,858	162,101	-	1,626,260	-	2,181,923
Amortisation charge for the financial year (Note 43)	-	-	3,136	415	-	283,348	-	286,899
Disposal	-	-	-	-	-	(726)	-	(726)
Write-offs (Note 43)	-	-	-	-	-	(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
Accumulated impairment losses								
At 1 January 2020	1,621,236	-	-	-	-	-	-	1,621,236
Impairment loss (Note 47(b))	23,271	-	-	-	-	-	-	23,271
Exchange differences	(11)	-	-	-	-	-	-	(11)
At 31 December 2020	1,644,496	-	-	-	-	-	-	1,644,496
Net carrying amount								
At 31 December 2020	5,536,275	-	757	-	11,141	850,453	249,878	6,648,504

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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
As at 31 December 2021				
Cost				
At 1 January 2021	81,015	975,268	102,541	1,158,824
Additions	-	11,069	73,817	84,886
Disposals	-	(42)	-	(42)
Write-offs (Note 43)	-	(472)	(1,456)	(1,928)
Transferred between categories	-	55,773	(55,773)	-
Transferred to property, plant and equipment (Note 20)	-	(541)	(70)	(611)
Exchange differences	-	1,811	105	1,916
At 31 December 2021	81,015	1,042,866	119,164	1,243,045
Accumulated amortisation				
At 1 January 2021	-	771,164	-	771,164
Amortisation charge for the financial year (Note 43)	-	64,499	-	64,499
Disposals	-	(42)	-	(42)
Write-offs (Note 43)	-	(472)	-	(472)
Exchange differences	-	1,215	-	1,215
At 31 December 2021	-	836,364	-	836,364
Net carrying amount				
At 31 December 2021	81,015	206,502	119,164	406,681
As at 31 December 2020				
Cost				
At 1 January 2020	81,015	928,751	67,074	1,076,840
Additions	-	13,613	78,689	92,302
Write-offs (Note 43)	-	(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
Accumulated amortisation				
At 1 January 2020	-	715,705	-	715,705
Amortisation charge for the financial year (Note 43)	-	56,520	-	56,520
Write-offs (Note 43)	-	(58)	-	(58)
Transferred to a subsidiary	-	(803)	-	(803)
Exchange differences	-	(200)	-	(200)
At 31 December 2020	-	771,164	-	771,164
Net carrying amount				
At 31 December 2020	81,015	204,104	102,541	387,660

NOTES TO THE FINANCIAL STATEMENTS

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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	2021 RM'000	2020 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 IBG Holdings Limited ("MIBGH")	(c)	2,001,914	2,001,914
Less: Accumulated impairment losses		(14,161)	(4,693)
		1,987,753	1,997,221
Acquisition of PT Maybank Asset Management		20,162	20,162
Less: Accumulated impairment losses		(20,162)	-
		-	20,162
Acquisition of PT Asuransi Etiqa Internasional Indonesia		60,974	60,974
Less: Accumulated impairment losses		(43,899)	(20,000)
		17,075	40,974
Acquisition of Amanah Mutual Berhad		2,168	2,168
Exchange differences		(661,797)	(792,832)
		5,613,781	5,536,275

Bank	Note	2021 RM'000	2020 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 2021, additional impairment losses of RM53.5 million (2020: RM23.3 million) were recognised for the CGUs as disclosed in Note 47(b).

(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 8.0% to 12.0% 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 (2020: 7.04% 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 11.3% per annum (2020: 11.7% per annum); and
- (iii) Terminal value whereby cash flow growth rate of 5.7% (2020: 5.4%).

For sensitivity analysis purposes, a 10 basis points change in the discount rate would increase or decrease the recoverable amount by RM263.0 million and RM272.7 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 RM225.3 million and RM217.4 million respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

22. INTANGIBLE ASSETS (CONT'D.)

(i) Goodwill (cont'd.)

(c) Maybank Investment Banking Group (“MIBG”) is segregated into two business pillars, namely, Investment Banking and Advisory (“IB&A”) and Brokerage, Equity & Commodity Derivatives (“ECDG”) and other businesses. MIBG comprises mainly Maybank Investment Bank Berhad (“MIBMY”) and Maybank IBG Holding Limited (“MIBGH”) whilst MIBG 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 MIBMY and MIBGH collectively.

The other key assumptions for the computation of value-in-use are as follows:

- (i) The Bank expects MIBG’s business operations to be a going concern;
- (ii) The discount rate applied is the internal weighted average cost of capital of MIBG at the time of assessment, which is estimated to be 9.0% per annum (2020: 7.2% per annum); and
- (iii) Terminal value whereby cash flow growth rate is 4.8% (2020: 4.7%), which is consistent with the average GDP rate of Malaysia, Singapore and Thailand, which are the major MIBG’s operating markets.

For sensitivity analysis purposes, if the annual cash flows growth rate of MIBG is at a constant negative growth rate of 1.2% or the discount rate increased to approximately 16.3%, 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 MIBGH’s investment banking business operations. The agency force is deemed to have a finite useful life of 11 years and has been fully amortised based on a reducing balance method.

(iv) Customer relationship

The customer relationship arises from the acquisition of MIBGH’s investment banking business operations. The customer relationship is deemed to have a finite useful life of 3 – 9 years and has been fully 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits and negotiable instruments of deposits				
– One year or less	233,544,960	236,489,723	127,977,754	119,594,928
– More than one year	12,752,220	16,387,002	420,033	1,224,903
	246,297,180	252,876,725	128,397,787	120,819,831
Money market deposits	75,523,563	73,678,562	14,045,234	12,355,003
Savings deposits	105,162,188	92,157,487	38,181,815	33,763,701
Demand deposits	161,984,702	137,636,598	95,934,030	83,086,800
	588,967,633	556,349,372	276,558,866	250,025,335

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31 December 2021

23. DEPOSITS FROM CUSTOMERS (CONT'D.)

The deposits are sourced from the following types of customers:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Business enterprises	253,898,708	232,438,733	156,633,879	134,459,714
Individuals	231,757,428	231,305,676	89,838,354	84,669,685
Government and statutory bodies	50,930,448	46,151,797	12,509,753	12,831,965
Others	52,381,049	46,453,166	17,576,880	18,063,971
	588,967,633	556,349,372	276,558,866	250,025,335

The maturity profile of fixed deposits and negotiable instruments of deposits are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within six months	186,915,920	186,092,752	107,535,754	98,146,714
Six months to one year	46,629,040	50,396,971	20,442,000	21,448,214
One year to three years	12,557,566	15,839,042	355,248	1,163,363
Three years to five years	194,654	547,960	64,785	61,540
	246,297,180	252,876,725	128,397,787	120,819,831

24. DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Licensed banks	33,040,036	32,147,684	39,648,349	30,935,440
Licensed finance companies	58,061	603,389	58,061	603,389
Licensed investment banks	1,065,182	986,576	1,065,182	986,576
Other financial institutions	2,419,794	4,141,217	795,918	2,194,710
	36,583,073	37,878,866	41,567,510	34,720,115

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
One year or less	31,166,943	33,194,515	38,095,733	33,968,995
More than one year	5,416,130	4,684,351	3,471,777	751,120
	36,583,073	37,878,866	41,567,510	34,720,115

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25. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Structured deposits	40,988	–	40,988	–
Borrowings				
Unsecured				
Medium term notes				
– More than one year				
Denominated in:				
– USD	10,655,978	10,161,921	10,655,978	10,161,921
	10,696,966	10,161,921	10,696,966	10,161,921

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 2021 were RM41,001,000 (2020: nil) and RM11,741,134,000 (2020: RM10,451,802,000) respectively. 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	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January		10,161,921	6,507,981	10,161,921	6,507,981
Issuance during the financial year	(i)	2,461,480	4,499,040	2,461,480	4,499,040
Redemption during the financial year	(i)	(1,393,899)	(715,368)	(1,393,899)	(715,368)
Non-cash changes:					
Fair value changes		(795,274)	(94,503)	(795,274)	(94,503)
Others		(107,315)	68,619	(107,315)	68,619
Exchange differences		329,065	(103,848)	329,065	(103,848)
At 31 December		10,655,978	10,161,921	10,655,978	10,161,921

(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 2021.

Issuance/Redemption	Currency	Description	Aggregate Nominal Value (in million)
Issuance	USD	Zero Coupon Notes	590.0
Redemption	USD	Zero Coupon Notes	347.0

NOTES TO THE FINANCIAL STATEMENTS

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26. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	2021 RM'000	2020 RM'000
Insurance/takaful contract liabilities	(i)	41,110,740	36,830,150
Other insurance payables	(ii)	982,875	864,615
		42,093,615	37,694,765

(i) Insurance/takaful contract liabilities

Group	Note	Gross contract liabilities RM'000	Reinsurance/retakaful assets (Note 14) RM'000	Net contract liabilities RM'000
2021				
Life insurance/family takaful	(a)	33,054,544	(1,717,199)	31,337,345
General insurance/general takaful	(b)	8,056,196	(4,910,434)	3,145,762
		41,110,740	(6,627,633)	34,483,107
2020				
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
		36,830,150	(5,045,832)	31,784,318

(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
2021			
Claims liabilities	325,868	(57,526)	268,342
Actuarial liabilities	26,884,384	(1,659,673)	25,224,711
Unallocated surplus	3,139,772	-	3,139,772
FVOCI reserve	71,473	-	71,473
Net asset value ("NAV") attributable to unitholders	2,633,047	-	2,633,047
	33,054,544	(1,717,199)	31,337,345
2020			
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
	29,529,240	(642,440)	28,886,800

NOTES TO THE FINANCIAL STATEMENTS

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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	Actuarial liabilities	Unallocated surplus	FVOCI reserve	NAV attributable to unitholders			
	RM'000	RM'000	RM'000	RM'000	RM'000			
As at 31 December 2021								
At 1 January 2021	244,507	24,081,104	2,858,624	208,579	2,136,426	29,529,240	(642,440)	28,886,800
Net earned insurance premiums	-	-	2,112,823	-	986,147	3,098,970	-	3,098,970
Other revenue	-	-	147,636	-	37,883	185,519	-	185,519
Experience/benefit variation	1,272,127	-	-	-	-	1,272,127	-	1,272,127
Benefits and claims	(1,190,766)	(3,786,271)	(1,720,849)	-	(507,937)	(7,205,823)	(1,082,073)	(8,287,896)
Other expenses	-	(28)	(434,579)	-	(18,491)	(453,098)	80,824	(372,274)
Adjustments due to changes in:								
- Discounting	-	(589,017)	393,790	-	-	(195,227)	13,430	(181,797)
- Assumptions	-	6,794,897	8,412	-	-	6,803,309	(18,029)	6,785,280
- Policy movements	-	366,966	(298,148)	-	-	68,818	(68,911)	(93)
Changes in FVOCI reserve	-	-	-	(136,707)	-	(136,707)	-	(136,707)
Taxation	-	-	165,988	(399)	(1,927)	163,662	-	163,662
Transfer to shareholders' fund	-	-	(99,023)	-	946	(98,077)	-	(98,077)
Surplus paid to participants	-	16,733	(156,570)	-	-	(139,837)	-	(139,837)
Withholding tax borne by participants	-	-	161,668	-	-	161,668	-	161,668
At 31 December 2021	325,868	26,884,384	3,139,772	71,473	2,633,047	33,054,544	(1,717,199)	31,337,345
As at 31 December 2020								
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

NOTES TO THE FINANCIAL STATEMENTS

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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

Group	Note	Gross contract liabilities RM'000	Reinsurance/retakaful assets RM'000	Net contract liabilities RM'000
2021				
Claims liabilities	(A)	6,332,509	(4,615,205)	1,717,304
Premiums/contribution liabilities	(B)	1,536,188	(295,229)	1,240,959
Unallocated surplus of general takaful fund		191,929	-	191,929
FVOCI reserve		(4,430)	-	(4,430)
		8,056,196	(4,910,434)	3,145,762
2020				
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
		7,300,910	(4,403,392)	2,897,518

(A) Claims liabilities

Group	Gross contract liabilities RM'000	Reinsurance/retakaful assets RM'000	Net contract liabilities RM'000
As at 31 December 2021			
At 1 January 2021	5,632,443	(4,082,866)	1,549,577
Claims incurred in the current accident year	3,049,395	(1,986,353)	1,063,042
Other movements in claims incurred in prior accident year	(670,110)	90,269	(579,841)
Claims paid during the financial year	(1,845,572)	501,354	(1,344,218)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	(402)	863,677	863,275
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	166,043	-	166,043
Exchange differences	712	(1,286)	(574)
At 31 December 2021	6,332,509	(4,615,205)	1,717,304
As at 31 December 2020			
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	5,632,443	(4,082,866)	1,549,577

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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
As at 31 December 2021			
At 1 January 2021	1,451,588	(320,187)	1,131,401
Premiums/contributions written in the financial year	3,384,536	(1,273,221)	2,111,315
Premiums/contributions earned during the financial year	(3,299,802)	1,298,577	(2,001,225)
Exchange differences	(134)	(398)	(532)
At 31 December 2021	1,536,188	(295,229)	1,240,959
As at 31 December 2020			
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

(ii) Other insurance payables

Group	2021 RM'000	2020 RM'000
Due to agents and intermediaries	195,140	218,840
Due to reinsurers and cedants	688,580	604,582
Due to retakaful operators	99,155	41,193
	982,875	864,615

27. OTHER LIABILITIES

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amount due to brokers and clients	56	6,614,605	4,918,837	-	-
Deposits, other creditors and accruals		10,431,573	11,214,207	7,837,308	6,895,028
Defined benefit pension plans	(i)	554,914	542,947	-	-
Provisions for commitments and contingencies	(ii)	56,996	75,798	26,196	27,880
Allowances for impairment losses on loan commitments and financial guarantee contracts	(iii)	287,372	247,147	184,562	164,194
Lease liabilities	(iv)	1,127,829	1,178,902	541,348	410,438
Structured deposits		2,428,807	2,850,077	293,108	312,527
		21,502,096	21,027,915	8,882,522	7,810,067

(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.

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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	2021 RM'000	2020 RM'000
Within the next 12 months	40,882	71,933
Between 1 and 5 years	244,089	185,991
Between 5 and 10 years	462,756	452,025
Beyond 10 years	2,657,685	2,574,828
Total expected payments	3,405,412	3,284,777

(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
As at 31 December 2021			
At 1 January 2021	582,529	(39,582)	542,947
Included in income statements:			
Current service cost	63,989	-	63,989
Past service income	(6,813)	-	(6,813)
Interest cost/(income)	32,561	(41)	32,520
Actuarial gain on other long-term employee benefits plans	(581)	-	(581)
	89,156	(41)	89,115
Included in statements of comprehensive income:			
Remeasurement (gain)/loss:			
- Actuarial (gain)/loss arising from:			
- Demographic assumptions	(495)	-	(495)
- Financial assumptions	8,594	-	8,594
- Experience adjustments	(36,551)	-	(36,551)
- Return on plan assets (excluding interest income)	-	(242)	(242)
	(28,452)	(242)	(28,694)
Others:			
Contributions paid by employers	(412)	(12,577)	(12,989)
Benefits paid	(53,108)	(2,676)	(55,784)
Exchange differences	7,785	12,534	20,319
	(45,735)	(2,719)	(48,454)
At 31 December 2021	597,498	(42,584)	554,914

NOTES TO THE FINANCIAL STATEMENTS

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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
As at 31 December 2020			
At 1 January 2020	553,486	(31,501)	521,985
Included in income statements:			
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
Included in statements of comprehensive income:			
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)
Others:			
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

(c) Plan assets

The major categories of plan assets included as part of the fair value of total plan assets are as follows:

Group	2021 RM'000	2020 RM'000
Cash and cash equivalents	3,192	2,697
Quoted investments in active markets:		
Equity securities:		
- Financial institutions	5,160	4,378
Bonds issued by foreign governments	29,254	29,113
Debt instruments	4,930	2,602
Unquoted investments:		
Equity securities	-	927
Other receivables	1,367	934
Other payables	(1,319)	(1,069)
	42,584	39,582

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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	2021 %	2020 %
Discount rate		
– Indonesia	6.37	6.59
– Philippines	4.90	4.45
– Thailand	1.66	1.62
Future salary growth		
– Indonesia	6.83	7.17
– Philippines	4.77	5.00
– Thailand	5.00	5.00

Group	2021 Years	2020 Years
Indonesia:		
Life expectancy for individual retiring at age of 55 – 56:		
– Male	20.62	18.78
– Female	21.58	19.75
Philippines:		
Life expectancy for individual retiring at age of 60:		
– Male	12.85	12.85
– Female	16.95	16.95
Thailand:		
Life expectancy for individual retiring at age of 60:		
– Male	13.00	11.80
– Female	21.00	19.30

The average duration of the defined benefit plans obligations at the end of each reporting year are as follows:

Group	2021 Years	2020 Years
Duration of defined benefit plans obligations		
– Indonesia	10.45	10.57
– Philippines	11.37	14.95
– 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
2021		
Discount rate (1% movement)	(37,843)	44,225
Future salary growth (1% movement)	51,880	(45,362)
Future mortality (1% movement)	159	(159)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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
2020		
Discount rate (1% movement)	(36,594)	49,256
Future salary growth (1% movement)	49,181	(33,156)
Future mortality (1% movement)	159	(159)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	75,798	27,880	27,880	27,880
Addition	30,800	47,918	-	-
Written back	(49,602)	-	(1,684)	-
At 31 December	56,996	75,798	26,196	27,880

(iii) Movements in the allowances for impairment losses on loan commitments and financial guarantee contracts are as follows:

As at 31 December 2021	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	
Group				
At 1 January 2021	97,130	61,222	88,795	247,147
Transferred to Stage 1	10,946	(10,727)	(219)	-
Transferred to Stage 2	(2,714)	2,720	(6)	-
Transferred to Stage 3	(221)	(220)	441	-
Net remeasurement of allowances	(46,292)	(1,440)	16,669	(31,063)
New credit exposures originated or purchased	99,672	42,978	-	142,650
Credit exposures derecognised	(31,514)	(27,174)	(15,291)	(73,979)
Changes in models/risk parameters	495	(176)	(197)	122
Exchange differences	458	1,632	405	2,495
At 31 December 2021	127,960	68,815	90,597	287,372
Bank				
At 1 January 2021	42,445	37,100	84,649	164,194
Transferred to Stage 1	1,110	(1,110)	-	-
Transferred to Stage 2	(2,217)	2,217	-	-
Transferred to Stage 3	-	(50)	50	-
Net remeasurement of allowances	(16,280)	(3,763)	2,135	(17,908)
New credit exposures originated or purchased	59,976	31,944	-	91,920
Credit exposures derecognised	(17,182)	(23,051)	(14,384)	(54,617)
Changes in models/risk parameters	(285)	(2)	-	(287)
Exchange differences	(336)	1,377	219	1,260
At 31 December 2021	67,231	44,662	72,669	184,562

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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	
As at 31 December 2020				
Group				
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
Bank				
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

(iv) Lease liabilities

The movements in lease liabilities are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	1,178,902	1,461,498	410,438	410,156
New lease contracts	345,008	315,772	225,946	88,630
Modification	(17,132)	(166,311)	-	-
Termination	(3,227)	(17,440)	(1,127)	(2,274)
Lease finance cost (Note 43)	41,011	49,769	13,021	13,550
Lease obligation reduction/repayment	(416,733)	(464,386)	(106,930)	(99,624)
At 31 December	1,127,829	1,178,902	541,348	410,438

The undiscounted maturity analysis of lease liabilities are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Less than one year	107,791	335,690	22,728	73,491
Between one and five years	593,525	675,915	195,213	315,954
More than five years	526,831	209,510	386,308	46,867
	1,228,147	1,221,115	604,249	436,312

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28. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Taxation	256,380	112,102	-	66,120
Zakat	55,005	39,817	-	-
	311,385	151,919	-	66,120

29. DEFERRED TAX

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	679,920	148,564	377,830	185,495
Recognised in income statements:				
Tax expenses (Note 48)	(84,619)	226,758	(1,982)	13,332
Tax borne by insurance policyholders/takaful participants	(68,724)	12,612	-	-
Over provision in prior year	(677,810)	-	(249,265)	-
Effect of increase in income tax rate	28,807	-	26,674	-
Recognised in statements of other comprehensive income, net	(862,108)	334,578	(637,612)	214,459
Exchange differences	18,222	(42,592)	16,254	(35,456)
At 31 December	(966,312)	679,920	(468,101)	377,830

Presented after appropriate offsetting as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	(1,505,378)	(790,936)	(468,101)	-
Deferred tax liabilities	539,066	1,470,856	-	377,830
	(966,312)	679,920	(468,101)	377,830

Presented prior to offsetting as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	(1,561,664)	(1,414,938)	(562,620)	(611,457)
Deferred tax liabilities	595,352	2,094,858	94,519	989,287
	(966,312)	679,920	(468,101)	377,830

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.

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29. DEFERRED TAX (CONT'D.)

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
As at 31 December 2021					
At 1 January 2021	(784,367)	25,412	(533,784)	(122,199)	(1,414,938)
Recognised in income statements:					
Tax expenses	(4,297)	(9,495)	(6,186)	(78,957)	(98,935)
Tax borne by insurance policyholders/takaful participants	-	-	-	(68,724)	(68,724)
Effect of increase in income tax rate	23,252	-	-	7,794	31,046
Recognised in statements of other comprehensive income	-	(56,624)	6,426	-	(50,198)
Exchange differences	(1,126)	(4,085)	16,790	28,506	40,085
At 31 December 2021	(766,538)	(44,792)	(516,754)	(233,580)	(1,561,664)
As at 31 December 2020					
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)

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
As at 31 December 2021						
At 1 January 2021	148,163	987,761	677,810	250,142	30,982	2,094,858
Recognised in income statements:						
Tax expenses	(32,123)	8,367	-	63,141	(25,069)	14,316
Over provision in prior year	-	-	(677,810)	-	-	(677,810)
Effect of increase in income tax rate	(2,239)	-	-	-	-	(2,239)
Recognised in statements of other comprehensive income	-	(811,910)	-	-	-	(811,910)
Exchange differences	(7,072)	(19,726)	-	-	4,935	(21,863)
At 31 December 2021	106,729	164,492	-	313,283	10,848	595,352
As at 31 December 2020						
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

NOTES TO THE FINANCIAL STATEMENTS

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29. 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 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
As at 31 December 2021				
At 1 January 2021	(303,932)	(6,770)	(300,755)	(611,457)
Recognised in income statements:				
Tax expenses	30,056	-	3,912	33,968
Effect of increase in tax rate	20,754	-	8,154	28,908
Recognised in statements of other comprehensive income	-	(30,293)	-	(30,293)
Exchange differences	-	486	15,768	16,254
At 31 December 2021	(253,122)	(36,577)	(272,921)	(562,620)
As at 31 December 2020				
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)

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
As at 31 December 2021					
At 1 January 2021	45,391	680,480	249,265	14,151	989,287
Recognised in income statements:					
Tax expenses	(22,788)	-	-	(13,162)	(35,950)
Over provision in prior year	-	-	(249,265)	-	(249,265)
Effect of increase in tax rate	(2,234)	-	-	-	(2,234)
Recognised in statements of other comprehensive income	-	(607,319)	-	-	(607,319)
At 31 December 2021	20,369	73,161	-	989	94,519
As at 31 December 2020					
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. DEFERRED TAX (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

Group	2021 RM'000	2020 RM'000
Unutilised tax losses	534,612	564,317
Unabsorbed capital allowances	30	3,579
	534,642	567,896

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.

30. BORROWINGS

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Secured:	(a)				
(i) Borrowings					
– Less than one year					
Denominated in:					
– IDR		423,655	14,296	–	–
– More than one year					
Denominated in:					
– IDR		1,574,695	2,062,856	–	–
Total secured borrowings		1,998,350	2,077,152	–	–
Unsecured:	(b)				
(i) Borrowings					
– Less than one year					
Denominated in:					
– USD		1,320,350	5,884,816	625,800	5,840,621
– CNY		1,361,245	–	1,361,245	–
– SGD		2,410,865	1,020,472	1,105,780	1,020,472
– THB		1,691,320	1,425,133	–	–
– HKD		–	176,184	–	176,184
– IDR		47,181	44,959	–	–
– PHP		3,274	–	–	–
– VND		56	–	–	–
– AUD		–	773,724	–	773,724
– RM		247	2,830,790	247	2,830,790
		6,834,538	12,156,078	3,093,072	10,641,791
– More than one year					
Denominated in:					
– USD		832,823	1,467,065	–	764,815
– IDR		685,068	668,135	–	–
– CNY		208,669	–	208,669	–
– JPY		761	1,145	–	–
– RM ¹		2,459,126	1,614,483	2,459,126	1,614,483
		4,186,447	3,750,828	2,667,795	2,379,298

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30. BORROWINGS (CONT'D.)

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unsecured (cont'd.):	(b)				
(ii) Medium Term Notes					
– Less than one year					
Denominated in:					
– USD		555,727	80,865	555,727	80,865
– HKD		1,174,757	931,825	1,174,757	931,825
– SGD		687	686	687	686
– JPY		2,312,040	–	2,312,040	–
– AUD		145,376	–	145,376	–
– CNH		1,726,372	17,588	1,726,372	17,588
– CHF		–	452,172	–	452,172
– CNY		664,819	8,621	664,819	8,621
– RM		359	750	359	750
		6,580,137	1,492,507	6,580,137	1,492,507
– More than one year					
Denominated in:					
– USD		8,640,606	8,629,473	8,640,606	8,629,473
– HKD		1,807,414	2,190,257	1,807,414	2,190,257
– JPY		3,473,520	5,827,903	3,473,520	5,827,903
– AUD		526,282	420,279	526,282	420,279
– CNH		1,501,058	939,057	1,501,058	939,057
– CNY		–	613,690	–	613,690
		15,948,880	18,620,659	15,948,880	18,620,659
Total unsecured borrowings		33,550,002	36,020,072	28,289,884	33,134,255
Total borrowings		35,548,352	38,097,224	28,289,884	33,134,255

¹ 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 RM1,609,126,000 (2020: 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(i) of the financial statements.

The movements in the borrowings are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	38,097,224	41,339,415	33,134,255	32,645,025
(Repayment)/drawdown, net	(2,728,211)	(2,571,076)	(4,895,984)	742,415
Non-cash changes:				
Others	81,856	(508,292)	56,776	(264,840)
Exchange differences	97,483	(162,823)	(5,163)	11,655
At 31 December	35,548,352	38,097,224	28,289,884	33,134,255

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30. BORROWINGS (CONT'D.)

The movements in the borrowings are as follows (cont'd.):

(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 110% 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 2021:

(1) Issuance/redemption of medium term notes by the Bank

Issuance/Redemption	Currency	Description	Aggregate Nominal Value (in million)
Issuance	USD	Fixed Rate Notes	63.0
Issuance	HKD	Fixed Rate Notes	1,375.0
Issuance	AUD	Fixed Rate Notes	63.0
Issuance	AUD	Floating Rate Notes	26.0
Issuance	CNY	Fixed Rate Notes	3,270.0
Issuance	JPY	Fixed Rate Notes	10,000.0
Redemption	HKD	Fixed Rate Notes	1,278.0
Redemption	HKD	Floating Rate Notes	450.0
Redemption	USD	Floating Rate Notes	20.0
Redemption	RM	Zero Coupon Notes	50.0
Redemption	CHF	Zero Coupon Notes	100.0

(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 2021 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
USD	Zero Coupon Notes	150.0
SGD	Fixed Rate Notes*	315.3
USD	Fixed Rate Notes*	30.0

* Extendible money market certificates

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30. 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 2021 (cont'd.):

(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	1,000,000.0
Redemption	IDR	Fixed Rate Notes	2,098,500.0

(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 2021 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
RM	Zero Profit ICP	8,000.0

31. SUBORDINATED OBLIGATIONS

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD500.0 million subordinated notes due in 2026	(i)	-	2,021,330	-	2,021,330
RM2,000.0 million Subordinated Sukuk Murabahah due in 2029	(ii)	2,036,944	2,036,812	2,036,944	2,036,812
RM1,700.0 million Subordinated Sukuk Murabahah due in 2031	(iii)	1,731,874	1,731,853	1,731,874	1,731,853
RM2,300.0 million Subordinated Sukuk Murabahah due in 2030	(iv)	2,314,226	2,314,863	2,314,226	2,314,863
RM700.0 million Subordinated Sukuk Murabahah due in 2032	(v)	703,220	703,781	703,220	703,781
RM3,000.0 million Subordinated Sukuk Murabahah due in 2031	(vi)	3,043,708	-	3,041,458	-
IDR1.5 trillion subordinated bonds due in 2021	(vii)	-	64,492	-	-
IDR800.0 billion subordinated bonds due in 2023	(viii)	96,888	94,700	-	-
RM309.0 million subordinated bonds due in 2031	(ix)	312,417	-	-	-
		10,239,277	8,967,831	9,827,722	8,808,639

The movements in the subordinated obligations are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	8,967,831	9,321,125	8,808,639	9,156,816
Issuance during the financial year	3,309,000	3,000,000	3,000,000	3,000,000
Redemption during the financial year	(2,163,655)	(3,300,000)	(2,008,500)	(3,300,000)
Non-cash changes:				
Others	31,750	(9,674)	27,583	(9,676)
Exchange differences	94,351	(43,620)	-	(38,501)
At 31 December	10,239,277	8,967,831	9,827,722	8,808,639

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31. SUBORDINATED OBLIGATIONS (CONT'D.)

Note	Description					Coupon/ Profit rate	Nominal value
		Issue date	First call date	Maturity date	(% p.a.)		
Malayan Banking Berhad							
<u>USD15.0 billion Multicurrency MTN Programme</u>							
(i)	USD Subordinated notes ³	29-Apr-16	29-Oct-21	29-Oct-26	3.91	USD500.0 million	
<u>RM10.0 billion Sukuk Programme</u>							
(ii)	RM Subordinated Sukuk Murabahah ^{1, 2}	31-Jan-19	31-Jan-24	31-Jan-29	4.63	RM2,000.0 million	
(iii)	RM Subordinated Sukuk Murabahah ^{1, 2}	31-Jan-19	30-Jan-26	31-Jan-31	4.71	RM1,700.0 million	
(iv)	RM Subordinated Sukuk Murabahah ^{1, 2}	9-Oct-20	9-Oct-25	9-Oct-30	2.90	RM2,300.0 million	
(v)	RM Subordinated Sukuk Murabahah ^{1, 2}	9-Oct-20	8-Oct-27	8-Oct-32	3.10	RM700.0 million	
<u>RM30.0 billion Sukuk Programme</u>							
(vi)	RM Subordinated Sukuk Murabahah ^{1, 2}	5-Aug-21	5-Aug-26	5-Aug-31	3.41	RM3,000.0 million	
PT Bank Maybank Indonesia Tbk							
(vii)	Shelf Subordinated Bonds II Bank BII Year 2014 – Tranche I	8-Jul-14	–	8-Jul-21	11.35	IDR1,500.0 billion	
(viii)	Shelf Subordinated Bonds II Bank Maybank Indonesia Year 2016 – Tranche II	10-Jun-16	–	10-Jun-23	9.63	IDR800.0 billion	
Maybank Ageas Holdings Sdn Bhd							
(ix)	RM Subordinated Bonds ^{1, 2}	7-Oct-21	7-Oct-26	7-Oct-31	3.95	RM309.0 million	

¹ The Bank may, subject to the prior consent of BNM, redeem these subordinated sukuk/bonds, in whole or in part on the first call date and on each interest/profit payment date thereafter.

² These subordinated sukuk/bonds are Basel III-compliant.

³ These subordinated notes was fully redeemed on the first call date.

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.

32. CAPITAL SECURITIES

Description	Issue date	First call date	Maturity date	Group and Bank	
				2021 RM'000	2020 RM'000
Malayan Banking Berhad					
<u>RM10.0 billion Sukuk Programme</u>					
RM1,240 million 4.08% AT1 Sukuk Mudharabah ¹	25-Sep-19	25-Sep-24	Perpetual	1,250,887	1,250,494
RM1,560 million 4.13% AT1 Sukuk Mudharabah ¹	25-Sep-19	25-Sep-26	Perpetual	1,576,945	1,577,299
				2,827,832	2,827,793

¹ 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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32. CAPITAL SECURITIES (CONT'D.)

The movements in capital securities are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
At 1 January	2,827,793	2,827,123
Non-cash changes:		
Others	39	670
At 31 December	2,827,832	2,827,793

33. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST

Group and Bank	2021 '000	2020 '000	2021 RM'000	2020 RM'000
	Issued and fully paid ordinary shares:			
At 1 January	11,241,362	11,241,362	48,280,355	48,280,355
Shares issued under the:				
– Dividend Reinvestment Plan (“DRP”) issued on:				
– 15 January 2021	172,633	–	1,324,685	–
– 28 June 2021	279,343	–	2,107,519	–
– 21 October 2021	179,814	–	1,401,132	–
– Maybank Group Employees’ Share Grant Plan (“ESGP”)	5,361	–	42,782	–
At 31 December	11,878,513	11,241,362	53,156,473	48,280,355

(a) Increase in share capital

During the current financial year ended 31 December 2021, the Bank increased its share capital from RM48,280,355,135 to RM53,156,472,575 via:

- (i) Issuance of 172,632,753 new ordinary shares amounting to RM1,324,685,273 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, as disclosed in Note 52(c)(i) to the financial statements;
- (ii) Issuance of 279,343,269 new ordinary shares amounting to RM2,107,519,293 arising from the DRP relating to electable portion of the single-tier final dividend of 21.0 sen in respect of the financial year ended 31 December 2020, as disclosed in Note 52(c)(ii) to the financial statements;
- (iii) Issuance of 179,814,209 new ordinary shares amounting to RM1,401,131,296 arising from the DRP relating to electable portion of the single-tier first interim dividend of 14.0 sen in respect of the financial year ended 31 December 2021, as disclosed in Note 52(c)(iii) to the financial statements; and
- (iv) Issuance of 5,361,100 new ordinary shares amounting to RM42,781,578 arising from the Employees Share Grant Plan (“ESGP”), as disclosed in Note 33(c)(i) to the financial statements.

(b) 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; and
- (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.

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33. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(c) 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	Fair value RM	Number of ESGP shares awarded '000	Vesting date
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	
30.09.2021 – Fourth Grant	6.0958	14,065	

The following table illustrates the number of, and movements in, ESGP Shares during the financial year ended 31 December 2021:

Award date	Outstanding as at 01.01.2021 '000	Movements during the financial year			Outstanding as at 31.12.2021 '000
		Awarded '000	Vested '000	Forfeited '000	
14.12.2018 – First Grant	11,011	–	(5,338)	(5,673)	–
30.09.2019 – Second Grant	12,398	–	–	(691)	11,707
30.09.2020 – Third Grant	13,514	–	–	(566)	12,948
30.09.2021 – Fourth Grant	–	14,065	–	(38)	14,027
	36,923	14,065	(5,338)	(6,968)	38,682

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33. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(c) 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	30.09.2021 Fourth Grant
Fair value of ESGP Shares (RM)	7.0235	6.6510	6.1118	6.0958
Closing share price at award date (RM)	9.37	8.51	7.22	8.05
Expected volatility (%)	14.00	13.40	16.47	17.54
Vesting period (years)	3	3	3	3
Risk-free rate (%)	3.65	3.15	2.01	2.48
Expected dividend yield (%)	6.17	7.03	5.35	7.36

(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	
30.09.2021 – Fourth Grant	6.0958	5,616	

The following table illustrates the number of, and movements in, CESGP during the financial year ended 31 December 2021:

Award date	Outstanding as at 01.01.2021	Movements during the financial year			Outstanding as at 31.12.2021
	'000	Awarded '000	Vested '000	Forfeited '000	'000
14.12.2018 – First Grant	3,430	–	(1,615)	(1,815)	–
30.09.2019 – Second Grant	4,502	–	–	(483)	4,019
30.09.2020 – Third Grant	5,243	–	–	(550)	4,693
30.09.2021 – Fourth Grant	–	5,616	–	(127)	5,489
	13,175	5,616	(1,615)	(2,975)	14,201

(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	30.09.2021 Fourth Grant
Fair value of CESGP (RM)	7.0235	6.6510	6.1118	6.0958
Closing share price at award date (RM)	9.37	8.51	7.22	8.05
Expected volatility (%)	14.00	13.40	16.47	17.54
Vesting period (years)	3	3	3	3
Risk-free rate (%)	3.65	3.15	2.01	2.48
Expected dividend yield (%)	6.17	7.03	5.35	7.36

NOTES TO THE FINANCIAL STATEMENTS

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33. SHARE CAPITAL, SHARE-BASED PAYMENTS AND SHARES HELD-IN-TRUST (CONT'D.)

(d) Shares held-in-trust

Shares held-in-trust records the issuance of new Maybank ordinary shares for vesting of ESGP Shares. The shares issued are held in omnibus account at the Bank before it is vested to eligible employees.

The movement of shares held-in-trust for the financial year ended 31 December 2021 is as follows:

Group and Bank	Number of ordinary shares	Amount RM'000
At 1 January 2021	-	-
Issuance of shares in relation to ESGP shares	5,361,100	42,782
ESGP vested to the eligible employees of the Group and of the Bank	(5,201,500)	(41,508)
At 31 December 2021	159,600	1,274

34. 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	Non- Distributable Non-DPF Unallocated Surplus RM'000	Distributable Retained Profits RM'000	Total Retained Profits RM'000
As at 31 December 2021			
At 1 January 2021	618,963	28,875,664	29,494,627
Profit for the financial year	123,363	7,972,866	8,096,229
Total comprehensive income for the financial year	123,363	7,972,866	8,096,229
Net gain on disposal of financial investments at fair value through other comprehensive income	-	14,545	14,545
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 33(c))	-	40,457	40,457
Transfer to statutory reserve	-	(14,549)	(14,549)
Transfer from regulatory reserve	-	800,194	800,194
Dividends paid (Note 52)	-	(8,801,777)	(8,801,777)
Total transactions with shareholders/other equity movements	-	(7,961,130)	(7,961,130)
At 31 December 2021	742,326	28,887,400	29,629,726
As at 31 December 2020			
At 1 January 2020	536,171	26,626,728	27,162,899
Profit for the financial year	108,588	6,372,631	6,481,219
Total comprehensive income for the financial year	108,588	6,372,631	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 52)	-	(4,384,131)	(4,384,131)
Dividends payable (Note 52(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	618,963	28,875,664	29,494,627

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34. RETAINED PROFITS (CONT'D.)

(b) The Bank's retained profits

The retained profits of the Bank as at 31 December 2021 and 31 December 2020 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.

35. RESERVES

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable:					
Statutory reserve	(a)	332,372	317,823	74,696	69,518
Regulatory reserve	(b)	1,315,261	2,115,455	1,180,201	1,495,500
Other reserves	(c)	(301,124)	(312,801)	6,995	12,805
FVOCI reserve	2.3(v)(b)(2)	1,234,705	4,572,569	930,283	3,261,447
Exchange fluctuation reserve	2.3(xviii)(c)	351,277	(127,567)	2,430,642	2,241,350
ESGP reserve	2.3(xxv)(e)	94,006	96,186	94,006	96,186
		3,026,497	6,661,665	4,716,823	7,176,806

- (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 35(c)(i)) RM'000	Revaluation Reserve (Note 35(c)(ii)) RM'000	Defined Benefit Reserve RM'000	Hedge Reserve (Note 13) RM'000	Total Other Reserves RM'000
As at 31 December 2021					
At 1 January 2021	12,092	(2,712)	28,069	(350,250)	(312,801)
Other comprehensive income/(loss)	820	-	21,354	(10,497)	11,677
Defined benefit plan actuarial gain	-	-	21,354	-	21,354
Net loss on net investment hedge	-	-	-	(4,687)	(4,687)
Cost of hedging for fair value hedge	-	-	-	(5,810)	(5,810)
Net gain on capital reserve	820	-	-	-	820
Total comprehensive income/(loss) for the financial year	820	-	21,354	(10,497)	11,677
At 31 December 2021	12,912	(2,712)	49,423	(360,747)	(301,124)
As at 31 December 2020					
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)

- (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.

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36. 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	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income	37	17,205,258	19,350,764	11,610,664	12,959,184
Income derived from investment of depositors' funds	64(b)	8,811,464	8,577,690	-	-
Income derived from investment of investment account funds	64(b)	951,680	1,008,062	-	-
Income derived from investment of Islamic Banking Funds	64(b)	557,760	468,227	-	-
Net earned insurance premiums	39	8,846,782	9,458,856	-	-
Dividends from subsidiaries and associates	40	-	-	3,959,559	2,640,114
Other operating income	41	4,470,670	7,299,202	3,004,912	4,161,005
Excluding non-operating revenue which comprises the following items:					
- Interest expense on derivatives*		4,842,578	4,747,544	4,717,337	4,698,499
- Direct costs on brokerage and commission income		334,610	300,100	-	-
- (Gain)/loss on disposal/change in structure of deemed controlled structured entities	41	(8,571)	(3,128)	(34,846)	3,275
- Loss on liquidation/disposal of subsidiaries	41	7,165	10,161	-	-
- Loss on dilution of interest in associate	41	60,158	-	-	-
- Rental income	41	(45,560)	(30,547)	(60,552)	(56,607)
- Loss/(gain) on disposal of property, plant and equipment	41	103	(20,791)	1,246	(17,279)
- Fair value adjustments on investment properties	41	(30,301)	(18,522)	-	-
- Other non-operating income	41	(44,406)	(116,653)	(17,211)	(26,415)
		9,586,446	12,167,366	7,610,886	8,762,478
		45,959,390	51,030,965	23,181,109	24,361,776

* Interest expense on derivatives forms part of the “realised gain/(loss) on derivatives” as disclosed in Note 41.

37. INTEREST INCOME

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans, advances and financing ¹	11,800,749	13,601,081	7,536,746	8,410,182
Money at call and deposits and placements with financial institutions	339,253	439,373	519,800	465,048
Financial assets purchased under resale agreements	111,234	258,263	33,936	99,626
Financial assets at FVTPL	1,014,957	1,090,594	259,819	361,139
Financial investments at FVOCI	2,833,927	2,831,750	1,869,248	2,169,608
Financial investments at amortised cost	1,281,830	1,198,124	1,265,972	1,215,028
	17,381,950	19,419,185	11,485,521	12,720,631
(Amortisation of premiums)/accretion of discounts, net	(176,692)	(68,421)	125,143	238,553
	17,205,258	19,350,764	11,610,664	12,959,184

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM240,935,000 (2020: RM339,413,000) for the Group and RM174,839,000 (2020: RM242,627,000) for the Bank.

¹ Included the net effects under government support measures to assist borrowers and customers adversely impacted by COVID-19 in order to sustain their business operations amounting to RM20,016,000 (2020: RM74,240,000) for the Group and RM20,016,000 (2020: RM48,979,000) for the Bank.

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37. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets modified during the financial year				
Amortised cost before modification	77,128,484	211,996,816	22,513,702	73,523,568
Modification (loss)/gain	(60,548)	(939,209)	11	(242,313)
Amortised cost after modification	77,067,936	211,057,607	22,513,713	73,281,255
Financial assets modified since initial recognition				
Gross carrying amount at 31 December of financial assets for which loss allowance has changed to 12-month measurement during the financial year	727,495	63,426	370,565	19,635

38. INTEREST EXPENSE

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits and placements from financial institutions	266,302	549,202	250,171	644,718
Deposits from customers	3,425,736	5,573,679	1,921,877	3,039,755
Loans sold to Cagamas	-	20,755	-	20,755
Obligations on financial assets sold under repurchase agreements	48,225	210,856	170,463	275,118
Borrowings	705,816	1,040,371	442,097	632,303
Subordinated obligations	482,435	523,956	371,684	408,272
Capital securities	115,690	116,005	115,690	116,005
Structured deposits	19,855	62,126	5,524	8,087
Financial liabilities at fair value through profit or loss	107,154	163,425	107,154	163,425
	5,171,213	8,260,375	3,384,660	5,308,438

39. NET EARNED INSURANCE PREMIUMS

Group	2021 RM'000	2020 RM'000
Gross earned premiums	11,393,382	11,154,401
Premiums ceded to reinsurers	(2,546,600)	(1,695,545)
	8,846,782	9,458,856

40. DIVIDENDS FROM SUBSIDIARIES AND ASSOCIATES

Bank	2021 RM'000	2020 RM'000
Gross dividend income from:		
Subsidiaries	3,958,663	2,639,337
Associates	896	777
	3,959,559	2,640,114

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41. OTHER OPERATING INCOME

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fee income:				
Commission	1,341,707	1,263,020	869,186	786,130
Service charges and fees	1,537,561	1,349,038	853,532	792,397
Underwriting fees	52,183	31,826	10,367	12,268
Brokerage income	496,111	493,009	-	-
Fees on loans, advances and financing	210,627	237,004	110,311	154,757
	3,638,189	3,373,897	1,843,396	1,745,552
Investment income:				
Net gain/(loss) on disposal of financial assets at FVTPL				
- Designated upon initial recognition	28,617	203,048	-	-
- Financial investments at FVTPL	(47,141)	(186,657)	(23,659)	134,605
Net gain on disposal of financial investments at FVOCI	541,888	1,876,108	437,716	1,517,671
Net gain on redemption of financial investments at amortised cost	20	-	10,796	-
Net gain/(loss) on disposal/change in structure of deemed controlled structured entities	8,571	3,128	34,846	(3,275)
Net loss on liquidation/disposal of subsidiaries	(7,165)	(10,161)	-	-
Net loss on dilution of interest in associate	(60,158)	-	-	-
	464,632	1,885,466	459,699	1,649,001
Gross dividend income from:				
Financial investments at FVOCI				
- Quoted in Malaysia	46,331	17,746	1,115	-
- Unquoted in Malaysia	897	1,547	818	1,546
- Quoted outside Malaysia	9,726	10,506	-	-
- Unquoted outside Malaysia	329	366	-	-
	57,283	30,165	1,933	1,546
Financial assets at FVTPL				
- Quoted in Malaysia	76,041	52,709	-	-
- Quoted outside Malaysia	23,419	15,238	-	-
- Unquoted in Malaysia	5,631	6,043	4,256	4,256
	105,091	73,990	4,256	4,256
	162,374	104,155	6,189	5,802
Unrealised (loss)/gain on revaluation of:				
Financial assets designated upon initial recognition at FVTPL	(764,225)	282,533	-	-
Financial investments at FVTPL	(235,829)	483,350	(81,887)	114,255
Financial liabilities at FVTPL	795,287	94,503	795,287	94,503
Derivatives	(146,828)	1,013,953	(487,009)	852,030
Loans, advances and financing	-	479	-	479
	(351,595)	1,874,818	226,391	1,061,267
Other income:				
Foreign exchange gain, net	90,976	455,171	29,733	315,223
Realised gain/(loss) on derivatives	357,056	(626,940)	393,493	(639,467)
Realised loss on financial liabilities at FVTPL	(138,277)	(87,217)	(138,277)	(87,217)
Rental income	45,560	30,547	60,552	56,607
(Loss)/gain on disposal of property, plant and equipment	(103)	20,791	(1,246)	17,279
Gain/(loss) on disposal of foreclosed properties	6,037	(14,162)	-	-
Fair value adjustments on investment properties (Note 16)	30,301	18,522	-	-
Other operating income	121,114	147,501	107,771	10,543
Other non-operating income	44,406	116,653	17,211	26,415
	557,070	60,866	469,237	(300,617)
Total other operating income	4,470,670	7,299,202	3,004,912	4,161,005

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42. NET INSURANCE BENEFITS AND CLAIMS INCURRED, NET FEE AND COMMISSION EXPENSES, CHANGE IN EXPENSE LIABILITIES AND TAXATION OF LIFE AND TAKAFUL FUND

Group	2021 RM'000	2020 RM'000
Gross benefits and claims paid	5,499,316	4,105,104
Claims ceded to reinsurers	(1,135,280)	(442,401)
Gross change to contract liabilities	4,353,626	6,760,466
Change in contract liabilities ceded to reinsurers	(1,544,320)	(1,565,281)
Net insurance benefits and claims incurred	7,173,342	8,857,888
Net fee and commission expenses	317,680	284,481
Change in expense liabilities	(21,357)	28,562
Taxation of life and takaful fund	6,034	49,872
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	302,357	362,915
	7,475,699	9,220,803

43. OVERHEAD EXPENSES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel expenses				
Salaries, allowances and bonuses	5,202,312	4,999,856	2,683,736	2,567,911
Social security cost	45,670	43,999	22,855	22,141
Retirement cost	621,217	594,817	402,579	382,915
ESGP expenses ¹	98,193	80,775	53,736	42,627
Other staff related expenses	840,786	843,742	429,693	414,163
	6,808,178	6,563,189	3,592,599	3,429,757
Establishment costs				
Depreciation of property, plant and equipment (Note 20)	299,986	311,984	89,545	101,097
Depreciation of right-of-use assets (Note 21)	448,564	450,736	110,589	113,197
Amortisation of agency force (Note 22)	756	3,136	-	-
Amortisation of customer relationship (Note 22)	-	415	-	-
Amortisation of computer software (Note 22)	281,968	283,348	64,499	56,520
Rental of leasehold land and premises	26,906	30,408	7,879	7,265
Repairs and maintenance of property, plant and equipment	172,773	173,040	84,737	77,125
Information technology expenses	609,215	563,795	932,454	891,927
Finance cost on lease liabilities (Note 27(iv))	41,011	49,769	13,021	13,550
Others	37,340	25,826	9,321	3,332
	1,918,519	1,892,457	1,312,045	1,264,013
Marketing expenses				
Advertisement and publicity	163,843	120,957	77,572	52,179
Others	267,005	254,129	124,891	110,688
	430,848	375,086	202,463	162,867
Administration and general expenses				
Fees and brokerage	1,020,842	1,000,292	654,053	697,599
Administrative expenses	573,798	586,528	174,003	187,359
General expenses	730,741	787,740	302,638	280,497
Others	35,613	16,614	4,928	9,258
	2,360,994	2,391,174	1,135,622	1,174,713
Overhead expenses allocated to subsidiaries	-	-	(1,219,834)	(1,247,162)
Total overhead expenses	11,518,539	11,221,906	5,022,895	4,784,188
Cost to income ratio ²	45.3%	45.3%	33.1%	33.1%

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43. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Included in overhead expenses are:				
Directors' fees and remuneration (Note 44)	22,848	21,662	18,292	17,118
Rental of equipment	36,974	36,424	2,276	3,597
Direct operating expenses of investment properties	5,668	5,639	–	–
Auditors' remuneration:				
Statutory audit:	23,335	21,631	10,351	9,970
– Ernst & Young PLT	10,246	8,823	6,193	5,980
– Other member firms of Ernst & Young Global	12,628	12,425	3,909	3,745
– Other auditors ³	407	383	249	245
Assurance and compliance related services:				
– Reporting accountants, review engagements and regulatory-related services	5,625	6,053	3,323	3,885
Non-audit services:				
– Other services	1,372	1,360	1,038	1,194
Employee benefit expenses (Note 27(i)(b))	89,115	108,353	–	–
Property, plant and equipment written off (Note 20)	269	630	155	77
Intangible assets written off (Note 22)	17,320	437	1,456	437
Expenses of short-term leases	19,984	9,578	4,193	9,330
Expenses of low value assets	33,023	44,491	13,131	34,609

¹ 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 RM80,444,000 and RM49,556,000 (2020: RM58,991,000 and RM40,459,000) respectively.

² 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 IBG Holdings Limited of RM756,000 (2020: RM3,551,000). Income refers to net operating income amount as disclosed on the face of income statements.

³ Relates to fees paid and payable to accounting firms other than Ernst & Young PLT and other members of Ernst & Young Global.

44. DIRECTORS' FEES AND REMUNERATION

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Bank:				
Executive directors:				
Salary	2,760	2,760	2,760	2,760
Bonus	4,140	2,587	4,140	2,587
Retirement cost	1,107	1,038	1,107	1,038
ESGP expenses	2,022	1,478	2,022	1,478
Other remuneration	248	1,441	248	1,441
Estimated monetary value of benefits-in-kind	71	96	71	96
	10,348	9,400	10,348	9,400
Non-executive directors:				
Fees	8,994	9,019	5,135	5,135
Other remuneration	3,577	3,339	2,880	2,679
Estimated monetary value of benefits-in-kind	379	374	184	212
	12,950	12,732	8,199	8,026
Sub-total for directors of the Bank	23,298	22,132	18,547	17,426
Indemnity given to or insurance effected for any directors	1,182	1,109	1,083	1,031

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44. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total (including benefits-in-kind and indemnity given to or insurance effected for any directors) (Note 49(a)(iii))	24,480	23,241	19,630	18,457
Total (excluding benefits-in-kind and indemnity given to or insurance effected for any directors) (Note 43)	22,848	21,662	18,292	17,118

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 RM10,348,000 (2020: RM9,400,000).

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
2021								
Executive director:								
Dato' Sri Abdul Farid bin Alias	-	10,277	71	10,348	-	10,277	71	10,348
Non-executive directors:								
Tan Sri Dato' Sri Zamzamairani bin Mohd Isa	634	560	74	1,268	634	560	74	1,268
Datuk R. Karunakaran	1,196	312	49	1,557	435	172	25	632
Mr Cheng Kee Check	539	244	1	784	434	228	1	663
Mr Edwin Gerungan	1,011	213	127	1,351	420	164	19	603
Dr Hasnita binti Dato' Hashim	961	351	38	1,350	485	288	5	778
Mr Anthony Brent Elam	864	384	6	1,254	461	224	6	691
Ms Che Zakiah binti Che Din	832	364	1	1,197	460	252	1	713
Ms Fauziah binti Hisham	855	250	19	1,124	434	228	19	681
Mr Shariffuddin bin Khalid	738	267	6	1,011	429	196	6	631
Dato' Idris bin Kechot	612	288	22	922	426	252	22	700
Dato' Zulkiflee Abbas bin Abdul Hamid	724	336	36	1,096	489	308	6	803
Ms Shirley Goh ¹	28	8	-	36	28	8	-	36
	8,994	3,577	379	12,950	5,135	2,880	184	8,199
Total directors' remuneration	8,994	13,854	450	23,298	5,135	13,157	255	18,547

* Includes bonus, retirement cost, ESGP expenses, allowances, social allowance, leave passage and reimbursements.

¹ Appointed on 1 December 2021.

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44. 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			
	Salary and/ or other emoluments*		Benefits- in-kind	Total	Salary and/ or other emoluments*		Benefits- in-kind	Total
	Fees RM'000	RM'000	RM'000	RM'000	Fees RM'000	RM'000	RM'000	RM'000
2020								
Executive director:								
Dato' Sri Abdul Farid bin Alias	-	9,304	96	9,400	-	9,304	96	9,400
Non-executive directors:								
Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa ¹	100	91	30	221	100	91	30	221
Datuk Mohaiyani binti Shamsudin ²	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
Total directors' remuneration	9,019	12,643	470	22,132	5,135	11,983	308	17,426

* Includes bonus, retirement cost, ESGP expenses, allowances, social allowances, long-term cash award, leave passage and reimbursements.

¹ Appointed on 2 November 2020.

² Retired on 1 November 2020.

45. ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES, FINANCING AND OTHER DEBTS, NET

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Allowances for impairment losses on loans, advances and financing:				
- Stage 1 - 12-month ECL, net	(590,235)	235,549	(260,199)	248,901
- Stage 2 - Lifetime ECL not credit impaired, net	602,292	2,498,625	(281,563)	1,652,313
- Stage 3 - Lifetime ECL credit impaired, net	2,873,441	2,156,971	3,180,033	804,912
	2,885,498	4,891,145	2,638,271	2,706,126
Bad debts and financing:				
- Written off	83,094	93,880	56,589	65,844
- Recovered	(324,721)	(397,700)	(141,920)	(214,952)
	(241,627)	(303,820)	(85,331)	(149,108)
Allowances for impairment losses on other debts	14,670	11,256	1,444	1,257
	2,658,541	4,598,581	2,554,384	2,558,275

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46. ALLOWANCES FOR/(WRITEBACK OF) IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS, NET

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial investments at FVOCI				
– Stage 1 – 12-month ECL, net	(5,779)	13,802	(176)	3,210
– Stage 2 – Lifetime ECL not credit impaired, net	864	841	(6)	37
– Stage 3 – Lifetime ECL credit impaired, net	25,116	(4,550)	25,628	(3,879)
	20,201	10,093	25,446	(632)
Financial investments at amortised cost				
– Stage 1 – 12-month ECL, net	(35,195)	31,375	(32,749)	7,067
– Stage 2 – Lifetime ECL not credit impaired, net	(351,760)	368,337	(123,365)	138,918
– Stage 3 – Lifetime ECL credit impaired, net	965,052	4,113	41,255	4,113
	578,097	403,825	(114,859)	150,098
	598,298	413,918	(89,413)	149,466

47. (WRITEBACK OF)/ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS AND GOODWILL, NET

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(a) Other financial assets				
Cash and short-term funds				
– Stage 1 – 12-month ECL, net	7,031	(4,313)	5,267	(5,808)
	7,031	(4,313)	5,267	(5,808)
Deposit and placements with financial institutions				
– Stage 1 – 12-month ECL, net	(1,453)	(21,503)	383	(19,233)
	(1,453)	(21,503)	383	(19,233)
Financial assets purchased under resale agreements				
– Stage 1 – 12-month ECL, net	60	4,760	(1,575)	1,279
	60	4,760	(1,575)	1,279
Reinsurance/retakaful assets and other insurance receivables				
– Stage 1 – 12-month ECL, net	(57,995)	13,108	–	–
	(57,995)	13,108	–	–
Other assets				
– Stage 1 – 12-month ECL, net	348	(806)	–	–
– Stage 2 – Lifetime ECL not credit impaired, net	12	(13)	–	–
– Stage 3 – Lifetime ECL credit impaired, net	(28,463)	64,974	(45,426)	54,688
	(28,103)	64,155	(45,426)	54,688
Statutory deposit with central banks				
– Stage 1 – 12-month ECL, net	(462)	1,534	–	–
	(462)	1,534	–	–
	(80,922)	57,741	(41,351)	30,926
(b) Goodwill				
Impairment of goodwill	53,529	23,271	–	–
	(27,393)	81,012	(41,351)	30,926

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48. TAXATION AND ZAKAT

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian income tax	2,234,349	1,516,016	866,285	995,182
Foreign income tax	461,840	299,988	108,816	75,195
Less: Double taxation relief	(108,816)	(70,655)	(108,816)	(70,655)
	2,587,373	1,745,349	866,285	999,722
Under/(over) provision in respect of prior year:				
Malaysian income tax	659,324	(30,952)	224,346	(9,997)
Foreign income tax	3,926	(40,697)	-	(39,174)
	3,250,623	1,673,700	1,090,631	950,551
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	(84,619)	226,758	(1,982)	13,332
Over provision in prior year	(677,810)	-	(249,265)	-
Effects of increase in income tax rate	28,807	-	26,674	-
Tax expense for the financial year	2,517,001	1,900,458	866,058	963,883
Zakat	48,079	37,419	-	-
	2,565,080	1,937,877	866,058	963,883

The Group's and the Bank's effective tax rate for the financial year ended 31 December 2021 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 is calculated at the Malaysian statutory tax rate of 24% of the estimated chargeable profit for the financial year. As announced in the Budget 2022, the prosperity tax (or also known as "Cukai Makmur") is a one-off tax measure whereby companies with chargeable income above the RM100.0 million will be taxed at a rate of 33% and the income below and equal RM100.0 million will be taxed at the current statutory tax rate of 24% for year of assessment ("YA") 2022.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	10,886,595	8,656,956	7,743,960	6,929,010
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	2,612,783	2,077,669	1,858,550	1,662,962
Different tax rates in other countries	(96,677)	(91,708)	(27,952)	(59,913)
Effects of increase in income tax rate	28,807	-	26,674	-
Income not subject to tax	(150,324)	(539,196)	(1,036,806)	(935,753)
Expenses not deductible for tax purposes	181,656	575,537	70,511	345,758
Under/(over) provision in income tax expense in prior year	663,250	(71,649)	224,346	(49,171)
Over provision of deferred tax in prior year	(677,810)	-	(249,265)	-
Share of profits in associates and joint ventures	(44,684)	(50,195)	-	-
Tax expense for the financial year	2,517,001	1,900,458	866,058	963,883

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49. 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	
		2021 RM'000	2020 RM'000
Income:			
Interest on deposits		1,622,244	1,603,643
Dividend income	40	3,958,663	2,639,337
Other income		507,427	318,003
		6,088,334	4,560,983
Expenditure:			
Interest on deposits		64,595	199,860
Other expenses	(A)	833,533	757,428
		898,128	957,288
Others:			
ESGP expenses charged to subsidiaries		26,161	21,842
Overhead expenses allocated to subsidiaries	43	1,219,834	1,247,162
		1,245,995	1,269,004

(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
2021			
Information technology expenses	746,167	-	746,167
Research fees	6,693	15,433	22,126
Insurance premiums	34,090	-	34,090
Others	30,081	1,069	31,150
	817,031	16,502	833,533
2020			
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
	734,466	22,962	757,428

Transactions between the Bank and its subsidiaries are eliminated on consolidation at Group level.

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49. 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	
	2021 RM'000	2020 RM'000
Income:		
Dividend income (Note 40)	896	777

There were no significant transactions with joint ventures for the financial year ended 31 December 2021.

(iii) Key management personnel

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits				
– Fees	26,284	25,321	5,135	5,135
– Salaries, allowances and bonuses	60,725	63,747	10,028	9,467
– Retirement cost	5,201	5,666	1,107	1,038
– Other staff benefits	7,687	9,380	255	308
Share-based payment				
– ESGP expenses	14,633	10,481	2,022	1,478
Others				
– Indemnity given to or insurance effected for any directors (Note 44)	1,182	1,109	1,083	1,031
	115,712	115,704	19,630	18,457

Included in the total key management personnel compensation are:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' remuneration including benefits-in-kind and indemnity given to or insurance effected for any directors (Note 44)	24,480	23,241	19,630	18,457

The number of shares awarded for ESGP Shares and CESGP to key management personnel are as follows:

(a) ESGP Shares

	Group		Bank	
	2021 '000	2020 '000	2021 '000	2020 '000
At 1 January	4,587	2,820	900	600
Adjustment*	18	346	–	–
Awarded	1,194	1,421	300	300
Vested	(607)	–	(150)	–
Forfeited	(709)	–	(150)	–
At 31 December	4,483	4,587	900	900

* Adjustment relates to changes in key management personnel during the financial year.

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49. 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	
	2021 '000	2020 '000	2021 '000	2020 '000
At 1 January	1,367	891	-	-
Adjustment*	83	102	-	-
Awarded	255	374	-	-
Vested	(151)	-	-	-
Forfeited	(76)	-	-	-
At 31 December	1,478	1,367	-	-

* Adjustment relates to changes in key management personnel during the financial year.

(b) Significant related party balances

(i) Subsidiaries

	Bank	
	2021 RM'000	2020 RM'000
Amounts due from:		
Current accounts and deposits	32,419,221	16,215,093
Financial assets purchased under resale agreement	-	454,652
Loans, advances and financing	34,040,077	32,933,865
Interest and other receivable on deposits	392,766	237,799
Corporate bonds and sukuk	7,944,861	7,724,049
Derivative assets	282,537	533,147
	75,079,462	58,098,605
Amounts due to:		
Current accounts and deposits	16,645,100	6,799,956
Obligations on financial assets sold under repurchase agreements	16,992,217	25,965,066
Interest payable on deposits	2,162	1,889
Deposits and other creditors	4,857,678	2,654,712
Derivative liabilities	168,220	435,247
	38,665,377	35,856,870
Commitments and contingencies	403,248	276,505

Balances between the Bank and its subsidiaries are eliminated on consolidation at Group level.

(ii) Associates

	Bank	
	2021 RM'000	2020 RM'000
Amounts due from:		
Current accounts and deposits	4,035	4,202

There were no significant balances with joint ventures as at 31 December 2021.

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31 December 2021

49. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans, advances and financing	70,501	63,041	13,334	7,425
Deposits from customers	130,269	129,203	44,021	28,391

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 7.09% (2020: 7.24%) and indirect shareholding of 34.01% (2020: 35.39%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera) as at 31 December 2021. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions during the financial year:				
Interest and finance income	162,168	218,495	66,334	88,503
Balances as at reporting dates:				
Loans, advances and financing	5,847,687	7,210,036	2,696,477	3,658,837

(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 2021, management estimates that the aggregate amount of the significant transactions with other government-related entities for the Group is at 0.7% (2020: 0.7%) and the Bank is negligible (2020: 0.01%) of their total interest and finance income.

For the financial year ended 31 December 2021, 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 0.07% (2020: 0.9% and 0.09%) respectively of their total loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS

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50. 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	
	2021	2020	2021	2020
Outstanding credit exposures with connected parties (RM'000)	25,516,741	23,847,402	23,517,838	21,608,355
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	3.0%	2.9%	4.8%	4.7%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	0.0%	0.0%	0.0%	0.0%

* 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.

51. 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	
	2021	2020	2021	2020
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	8,096,229	6,481,219	6,877,902	5,965,127
Weighted average number of ordinary shares in issue ('000)	11,622,345	11,241,362	11,622,345	11,241,362
Basic earnings per share (sen)	69.7	57.7	59.2	53.1

(b) Diluted EPS

The Group and the Bank have no dilution in its earnings per ordinary share in the current and the preceding financial years as there are no dilutive potential ordinary shares.

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52. DIVIDENDS

Group and Bank	Dividends per share			
	2021 RM'000	2020 RM'000	2021 sen	2020 sen
Single-tier first interim dividend of 13.5 sen in respect of the financial year ended 31 December 2020 (Note 52(c)(i))	1,517,583	–	13.50	–
Final dividend of 38.5 sen single-tier dividend in respect of the financial year ended 31 December 2020 (Note 52(c)(ii))	4,394,388	–	38.50	–
Single-tier first interim dividend of 28.0 sen in respect of the financial year ended 31 December 2021 (Note 52(c)(iii))	3,274,135	–	28.00	–
Single-tier second interim cash dividend of 39.0 sen in respect of the financial year ended 31 December 2019	–	4,384,131	–	39.00
	9,186,106	4,384,131	80.00	39.00

(a) Second interim dividend

The Board of Directors has declared a single-tier second interim dividend in respect of the current financial year ended 31 December 2021 of 30.0 sen single-tier dividend per ordinary share amounting to dividend payable of RM3,563,553,965 (based on 11,878,513,218 ordinary shares issued as at 31 December 2021).

The single-tier second interim dividend consists of cash portion of 22.5 sen per ordinary share to be paid in cash amounting to RM2,672,665,474 and an electable portion of 7.5 sen per ordinary share amounting to RM890,888,491. 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 33(b).

The financial statements for the current financial year ended 31 December 2021 do not reflect this single-tier second interim dividend. Such dividend 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 2022.

(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 33(b).

(c) Dividends paid during the financial year

(i) 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 financial year ended 31 December 2020.

The financial statements reflect the net interim dividend of RM1,133,255,366 of which RM384,328,111 was the dividend payable made during the financial year ended 31 December 2020 on a portion of the electable portion of the single-tier interim dividends assumed to be paid in cash in accordance with BNM’s Implementation Guidance on Capital Adequacy Framework (Capital Components).

(ii) The final dividend consists of cash portion of 17.5 sen single-tier dividend per ordinary share 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 which elected to be reinvested in new Maybank Shares in accordance with the DRP, on 11,413,994,640 ordinary shares, in respect of the financial year ended 31 December 2020.

(iii) The single-tier first interim dividend consists of cash portion of 14.0 sen per ordinary share paid in cash amounting to RM1,637,067,307 and an electable portion of 14.0 sen per ordinary share amounting to RM1,637,067,307 which elected to be reinvested in new Maybank Shares in accordance with the DRP, on 11,693,337,909 ordinary shares, in respect of the current financial year ended 31 December 2021.

(d) Dividends paid by Maybank’s subsidiaries to non-controlling interests

Dividends paid by Maybank’s subsidiaries to non-controlling interests amounted to RM90,586,000 during the financial year ended 31 December 2021 (2020: RM89,507,000).

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53. 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:

Group	2021			2020		
	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
Contingent liabilities						
Direct credit substitutes	11,386,443	9,619,014	6,400,730	10,940,746	9,408,679	6,667,779
Certain transaction-related contingent items	14,816,515	7,262,583	4,741,385	14,338,122	6,901,117	4,717,191
Short-term self-liquidating trade-related contingencies	2,952,705	890,772	645,486	2,788,743	715,672	419,682
	29,155,663	17,772,369	11,787,601	28,067,611	17,025,468	11,804,652
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	129,335,651	13,257,239	3,931,088	128,087,058	13,806,768	4,562,969
– Maturity exceeding one year	39,274,129	59,103,741	27,255,730	39,195,697	55,482,054	26,617,515
	168,609,780	72,360,980	31,186,818	167,282,755	69,288,822	31,180,484
Miscellaneous commitments and contingencies	12,253,800	650,577	372,009	5,728,133	986,226	371,132
Total credit-related commitments and contingencies	210,019,243	90,783,926	43,346,428	201,078,499	87,300,516	43,356,268
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	406,901,770	5,124,226	1,439,215	544,059,314	8,706,925	1,529,800
– One year to less than five years	32,254,202	2,283,685	818,744	30,742,568	2,619,230	1,315,007
– Five years and above	7,414,755	981,044	449,263	6,596,360	958,528	335,022
	446,570,727	8,388,955	2,707,222	581,398,242	12,284,683	3,179,829
Interest rate related contracts:						
– Less than one year	131,875,702	115,485	76,531	186,361,268	72,980	32,188
– One year to less than five years	244,244,756	1,012,901	533,451	221,399,527	1,504,867	852,397
– Five years and above	133,976,298	2,407,964	1,755,954	109,622,660	2,168,784	1,403,142
	510,096,756	3,536,350	2,365,936	517,383,455	3,746,631	2,287,727
Equity and commodity related contracts:						
– Less than one year	7,599,599	557,541	186,778	5,383,643	245,702	101,334
– One year to less than five years	1,916,907	213,117	80,496	65,390	13,880	12,253
	9,516,506	770,658	267,274	5,449,033	259,582	113,587
Credit related contracts:						
– Less than one year	40,813	–	–	75,360	–	–
Total treasury-related commitments and contingencies	966,224,802	12,695,963	5,340,432	1,104,306,090	16,290,896	5,581,143
Total commitments and contingencies	1,176,244,045	103,479,889	48,686,860	1,305,384,589	103,591,412	48,937,411

* 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

53. 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.):

	2021			2020		
	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
Bank						
Contingent liabilities						
Direct credit substitutes	7,968,344	6,834,520	4,452,694	7,466,677	6,041,129	3,990,003
Certain transaction-related contingent items	11,208,136	5,453,689	3,494,294	11,506,071	5,475,238	3,806,228
Short-term self-liquidating trade-related contingencies	2,038,008	639,758	474,809	2,092,315	478,043	223,572
	21,214,488	12,927,967	8,421,797	21,065,063	11,994,410	8,019,803
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	81,611,263	6,463,689	1,502,091	83,806,525	6,955,310	1,897,783
– Maturity exceeding one year	18,805,027	35,418,448	18,005,342	17,828,264	34,888,721	18,252,090
	100,416,290	41,882,137	19,507,433	101,634,789	41,844,031	20,149,873
Miscellaneous commitments and contingencies	7,930,317	923,855	426,129	3,294,116	1,855,264	545,148
Total credit-related commitments and contingencies	129,561,095	55,733,959	28,355,359	125,993,968	55,693,705	28,714,824
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	398,004,700	4,821,371	1,324,841	545,723,025	8,429,411	1,377,250
– One year to less than five years	32,658,597	2,072,603	664,243	29,651,424	2,470,975	1,146,587
– Five years and above	6,574,929	853,229	378,197	5,673,466	828,538	203,181
	437,238,226	7,747,203	2,367,281	581,047,915	11,728,924	2,727,018
Interest rate related contracts:						
– Less than one year	131,208,314	55,878	39,177	185,732,911	72,296	31,673
– One year to less than five years	244,654,457	903,682	435,953	221,822,106	1,323,301	680,533
– Five years and above	132,982,456	2,407,679	1,755,705	109,622,660	2,168,036	1,402,488
	508,845,227	3,367,239	2,230,835	517,177,677	3,563,633	2,114,694
Equity and commodity related contracts:						
– Less than one year	3,577,332	380,774	153,304	1,499,709	154,587	66,484
– One year to less than five years	1,916,907	213,117	80,496	65,390	13,880	12,253
	5,494,239	593,891	233,800	1,565,099	168,467	78,737
Credit related contracts:						
– Less than one year	40,813	–	–	75,360	–	–
Total treasury-related commitments and contingencies	951,618,505	11,708,333	4,831,916	1,099,866,051	15,461,024	4,920,449
Total commitments and contingencies	1,081,179,600	67,442,292	33,187,275	1,225,860,019	71,154,729	33,635,273

* 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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53. 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 2021, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM12,757.5 million (2020: RM19,908.0 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) Contingent liabilities

There is no material contingent liabilities during the financial year ended 31 December 2021.

(c) 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	
	2021 RM'000	2020 RM'000
Within one year	42,669	34,460
Between one and five years	29,409	42,980
	72,078	77,440

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54. 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 inclusive of ESG risk across the Group.

The Executive Level Management-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 inclusive of ESG risk within the Group.

The Group's approach to risk management is premised on the following set of building blocks as the foundation in driving a strong risk management culture, encompassing practices and processes:

- (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 and assess the risks to ensure the appropriate risk strategies are put in place to give a greater level of assurance on achieving its business strategy.
- (iii) *Risk Appetite*: The risk appetite defines the types and levels of risk that the Group is willing to accept in pursuit of its business and strategic goals.
- (iv) *Risk Response*: Selection of the appropriate risk response is imperative to align all 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 is used to identify and quantify possible events or future changes in the financial, economic, political and/or environmental conditions 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 54(b)(i)).
- An explanation of the Group's internal grading system (Note 54(e)(5)).
- How the Group defines, calculates and monitors the probability of default, exposure at default and loss given default (Note 54(e)(1)).
- When the Group considers there has been a significant increase in credit risk of an exposure (Note 54(b)(ii)).
- The Group's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 54(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 these events 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 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 54(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 54(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.

(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 Maybank IBG Research, 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 2021 and 31 December 2020. The figures for "Subsequent years" represent a long-term average and the same are applied for each scenario.

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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Analysis of inputs to the ECL model under multiple economic scenarios (cont'd.)

31 December 2021

Key Variables	ECL Scenario	Assigned Probabilities						Subsequent years
		2021	2022	2023	2024	2025		
Real GDP (%)	Base case	60	3.8	6.0	5.0	5.0	5.0	5.0
	Upside	10	4.0	6.5	5.5	5.5	5.5	5.5
	Downside	30	3.5	5.3	4.3	4.3	4.3	4.3
Property Price Index (%)	Base case	60	-	0.5	1.5	1.5	1.5	1.5
	Upside	10	1.0	2.0	2.0	2.0	2.0	2.0
	Downside	30	(0.5)	-	1.0	1.0	1.0	1.0
Overnight Policy Rate (%)	Base case	60	1.8	2.0	2.3	2.5	2.8	2.8
	Upside	10	1.8	2.3	2.8	3.0	3.0	3.0
	Downside	30	1.8	1.8	2.0	2.3	2.5	2.8
Unemployment Rate (%)	Base case	60	4.6	4.0	3.8	3.5	3.5	3.5
	Upside	10	4.4	3.5	3.5	3.0	3.0	3.0
	Downside	30	4.8	4.5	4.5	4.0	4.0	4.0

31 December 2020

Key Variables	ECL Scenario	Assigned Probabilities						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

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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Financial instruments by category

Group 2021	Designated at			At amortised cost RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
	Fair value through profit or loss RM'000	fair value through profit or loss RM'000	Fair value through other comprehensive income RM'000				
Assets							
Cash and short-term funds	-	-	-	41,483,926	41,483,926	-	41,483,926
Deposits and placements with financial institutions	-	-	-	16,037,048	16,037,048	-	16,037,048
Financial assets purchased under resale agreements	-	-	-	13,491,753	13,491,753	-	13,491,753
Financial investments portfolio	27,775,493	13,181,866	122,393,954	60,532,190	223,883,503	-	223,883,503
Loans, advances and financing to financial institutions	-	-	109,156	939,410	1,048,566	-	1,048,566
Loans, advances and financing to customers	15,491	-	21,653,857	519,169,975	540,839,323	-	540,839,323
Derivative assets	12,757,475	-	-	-	12,757,475	-	12,757,475
Reinsurance/retakaful assets and other insurance receivables	-	-	-	888,231	888,231	6,627,633	7,515,864
Other assets	-	-	-	6,831,922	6,831,922	1,813,009	8,644,931
Investment properties	-	-	-	-	-	975,048	975,048
Statutory deposits with central banks	-	-	-	7,514,129	7,514,129	-	7,514,129
Interest in associates and joint ventures	-	-	-	-	-	2,491,435	2,491,435
Property, plant and equipment	-	-	-	-	-	2,129,989	2,129,989
Right-of-use assets	-	-	-	-	-	1,170,564	1,170,564
Intangible assets	-	-	-	-	-	6,683,461	6,683,461
Deferred tax assets	-	-	-	-	-	1,505,378	1,505,378
Total assets	40,548,459	13,181,866	144,156,967	666,888,584	864,775,876	23,396,517	888,172,393

Group 2021	Designated at			Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
	Fair value through profit or loss RM'000	fair value through profit or loss RM'000					
Liabilities							
Customers' funding:							
- Deposits from customers	-	-	588,967,633		588,967,633	-	588,967,633
- Investment accounts of customers*	-	-	28,720,799		28,720,799	-	28,720,799
Deposits and placements from financial institutions	-	-	36,583,073		36,583,073	-	36,583,073
Obligations on financial assets sold under repurchase agreements	-	-	7,873,717		7,873,717	-	7,873,717
Derivative liabilities^	12,638,175	-	-		12,638,175	-	12,638,175
Financial liabilities at fair value through profit or loss	-	10,696,966	-		10,696,966	-	10,696,966
Bills and acceptances payable	-	-	1,077,986		1,077,986	-	1,077,986
Insurance/takaful contract liabilities and other insurance payables	-	-	982,875		982,875	41,110,740	42,093,615
Other liabilities	-	-	14,843,688		14,843,688	6,658,408	21,502,096
Provision for taxation and zakat	-	-	-		-	311,385	311,385
Deferred tax liabilities	-	-	-		-	539,066	539,066
Borrowings	-	-	35,548,352		35,548,352	-	35,548,352
Subordinated obligations	-	-	10,239,277		10,239,277	-	10,239,277
Capital securities	-	-	2,827,832		2,827,832	-	2,827,832
Total liabilities	12,638,175	10,696,966	727,665,232		751,000,373	48,619,599	799,619,972

* Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

^ 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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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Financial instruments by category (cont'd.)

Group 2020	Designated at			At amortised cost RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
	Fair value through profit or loss RM'000	fair value through profit or loss RM'000	Fair value through other comprehensive income RM'000				
Assets							
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
Total assets	47,258,515	14,028,031	143,534,538	630,540,204	835,361,288	21,498,226	856,859,514

Group 2020	Designated at			Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
	Fair value through profit or loss RM'000	fair value through profit or loss RM'000					
Liabilities							
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^	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
Total liabilities	19,151,751	10,161,921	696,287,508	725,601,180	44,148,707	-	769,749,887

* Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

^ 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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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Financial instruments by category (cont'd.)

Bank 2021	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
Assets							
Cash and short-term funds	-	-	-	25,725,348	25,725,348	-	25,725,348
Deposits and placements with financial institutions	-	-	-	31,482,634	31,482,634	-	31,482,634
Financial assets purchased under resale agreements	-	-	-	12,079,652	12,079,652	-	12,079,652
Financial investments portfolio	14,003,854	-	70,663,061	41,574,896	126,241,811	-	126,241,811
Loans, advances and financing to financial institutions	-	-	572,435	30,263,861	30,836,296	-	30,836,296
Loans, advances and financing to customers	15,491	-	18,728,802	190,542,678	209,286,971	-	209,286,971
Derivative assets	12,498,439	-	-	-	12,498,439	-	12,498,439
Other assets	-	-	-	3,196,396	3,196,396	354,134	3,550,530
Statutory deposits with central banks	-	-	-	1,695,478	1,695,478	-	1,695,478
Investment in subsidiaries	-	-	-	-	-	33,205,773	33,205,773
Interest in associates and joint ventures	-	-	-	-	-	440,730	440,730
Property, plant and equipment	-	-	-	-	-	882,119	882,119
Right-of-use assets	-	-	-	-	-	550,126	550,126
Intangible assets	-	-	-	-	-	406,681	406,681
Deferred tax assets	-	-	-	-	-	468,101	468,101
Total assets	26,517,784	-	89,964,298	336,560,943	453,043,025	36,307,664	489,350,689

Bank 2021	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
Liabilities						
Deposits from customers	-	-	276,558,866	276,558,866	-	276,558,866
Deposits and placements from financial institutions	-	-	41,567,510	41,567,510	-	41,567,510
Obligations on financial assets sold under repurchase agreements	-	-	24,785,841	24,785,841	-	24,785,841
Derivative liabilities [^]	12,374,656	-	-	12,374,656	-	12,374,656
Financial liabilities at fair value through profit or loss	-	10,696,966	-	10,696,966	-	10,696,966
Bills and acceptances payable	-	-	430,450	430,450	-	430,450
Other liabilities	-	-	6,636,043	6,636,043	2,246,479	8,882,522
Borrowings	-	-	28,289,884	28,289,884	-	28,289,884
Subordinated obligations	-	-	9,827,722	9,827,722	-	9,827,722
Capital securities	-	-	2,827,832	2,827,832	-	2,827,832
Total liabilities	12,374,656	10,696,966	390,924,148	413,995,770	2,246,479	416,242,249

[^] 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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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Financial instruments by category (cont'd.)

Bank 2020	Designated at			At amortised cost RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
	Fair value through profit or loss RM'000	fair value through profit or loss RM'000	Fair value through other comprehensive income RM'000				
Assets							
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
Total assets	38,073,994	-	88,824,383	316,093,762	442,992,139	33,311,507	476,303,646

Bank 2020	Designated at			Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
	Fair value through profit or loss RM'000	fair value through profit or loss RM'000					
Liabilities							
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 [^]	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	-	33,134,255
Subordinated obligations	-	-	8,808,639		8,808,639	-	8,808,639
Capital securities	-	-	2,827,793		2,827,793	-	2,827,793
Total liabilities	18,724,393	10,161,921	372,388,396		401,274,710	2,762,680	404,037,390

[^] 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

31 December 2021

54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Credit risk management

1. Credit risk management overview

Credit risk definition

Credit risk is the risk that a counterparty fails to meet its obligations in accordance with the agreed terms.

Management of credit risk

Corporate and institutional credit risks are assessed by business units where each counterparty is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors, including counterparty's financial position, future cash flows, types of facilities and collateral offered.

Reviews are conducted at least once a year with updated information on counterparty's financial position, market position, industry and economic condition and account conduct. These counterparties are subject to regular periodic credit classification and impairment assessment to determine if any early intervention is required. Appropriate corrective actions are taken when the accounts show signs of credit deterioration.

Retail credit exposures are predicated on data analytics and are programme-driven which are governed by the Product Development Assessment ("PDA") or Universal Product Development Assessment ("UPDA"). Credit programmes are assessed jointly by the business units and credit teams. Reviews for retail credits are generally conducted at the portfolio level on annually basis.

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 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 predicted on BNM's Single Counterparty Exposure Limits. The Group actively monitors and manages its exposure to ensure that exposures to a single counterparty group are within prudent limits at all times. Counterparty credit risk exposures may be materially affected by market risk events. The Group has in place dedicated teams to promptly identify, review, and prescribe appropriate actions to the respective risk committees.

For on-balance sheet exposures, the Group employs risk treatments in accordance with BNM Guidelines and Basel II requirements. For off-balance sheet exposures, the Group measures 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 credit portfolio, the Group had emplaced, amongst others, limits and related lending guidelines, for:

- Countries;
- Economic sectors;
- Single counterparty groups;
- Collaterals;
- Connected parties; and
- Product or facility types.

Reviews of the aforesaid limits and related lending guidelines are undertaken on a periodic basis, whereupon any emerging concentration risks are addressed accordingly. Any breach of limits are escalated for approvals, and any deviations to the lending guidelines are to be justified with strong mitigations.

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.

As part of enhancing the Group's ESG practices, the Group takes a proactive approach to incorporate ESG considerations into business processes by developing ESG Risk Acceptance Criteria for high ESG risk industries.

The Group's credit approving process encompasses assessment, approval and post-approval credit review. Group Risk is responsible for developing, enhancing and communicating effective and consistent credit risk management policies, tools and methodologies across the Group to ensure that appropriate standards are in place to identify, measure, control, monitor and report such risks.

The Group's credit approving structure is based on joint approvals by Business and Credit, with complex credits of higher risk approved by the GMCC. The authority limits are based on the Expected Loss ("EL") principle, and are directly related to the counterparty's rating and credit exposure.

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54. 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.

Credit Risk Rating System ("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	
	2021 RM'000	2020 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	41,483,926	43,884,714
Deposits and placements with financial institutions	16,037,048	10,128,931
Financial assets purchased under resale agreements	13,491,753	17,543,987
Financial investments portfolio*	214,772,603	208,534,238
Loans, advances and financing to financial institutions	1,048,566	899,986
Loans, advances and financing to customers	540,839,323	511,310,107
Derivative assets	12,757,475	19,907,957
Reinsurance/retakaful assets and other insurance receivables	888,231	732,749
Other assets	6,831,922	8,298,170
Statutory deposits with central banks	7,514,129	7,468,213
	855,664,976	828,709,052
Credit exposure for off-balance sheet items:		
Direct credit substitutes	11,386,443	10,940,746
Certain transaction-related contingent items	14,816,515	14,338,122
Short-term self-liquidating trade-related contingencies	2,952,705	2,788,743
Irrevocable commitments to extend credit	168,609,780	167,282,755
Miscellaneous	12,253,800	5,728,133
	210,019,243	201,078,499
Total maximum credit risk exposure	1,065,684,219	1,029,787,551

* 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Credit risk management (cont'd.)

2. Maximum exposure to credit risk (cont'd.)

Bank	Maximum exposure	
	2021 RM'000	2020 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	25,725,348	24,106,030
Deposits and placements with financial institutions	31,482,634	15,268,348
Financial assets purchased under resale agreements	12,079,652	14,849,421
Financial investments portfolio*	125,205,711	132,477,694
Loans, advances and financing to financial institutions	30,836,296	30,042,986
Loans, advances and financing to customers	209,286,971	199,881,476
Derivative assets	12,498,439	19,713,802
Other assets	3,196,396	3,902,754
Statutory deposits with central banks	1,695,478	1,647,066
	452,006,925	441,889,577
Credit exposure for off-balance sheet items:		
Direct credit substitutes	7,968,344	7,466,677
Certain transaction-related contingent items	11,208,136	11,506,071
Short-term self-liquidating trade-related contingencies	2,038,008	2,092,315
Irrevocable commitments to extend credit	100,416,290	101,634,789
Miscellaneous	7,930,317	3,294,116
	129,561,095	125,993,968
Total maximum credit risk exposure	581,568,020	567,883,545

* 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at fair value through profit or loss				
- Financial investments [#]	19,083,076	20,999,678	13,303,337	17,427,171
- Loans, advances and financing to customers	15,491	170,712	15,491	170,712
Financial assets designated at fair value through profit or loss				
- Financial investments [#]	13,181,702	13,901,810	-	-
	32,280,269	35,072,200	13,318,828	17,597,883

[#] 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 2021 for the Group is at 68% (2020: 71%) and the Bank is at 52% (2020: 57%). The financial effect of collateral held for other financial assets is not significant.

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54. 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 RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Reinsurance/retakaful assets and other receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
2021											
Malaysia	24,426,428	14,217	-	151,386,207	331,858,773	7,471,095	661,376	3,543,228	206,434	519,567,758	128,358,644
Singapore	4,032,087	3,265,022	11,727,190	33,604,619	136,673,591	3,578,398	57,673	265,387	3,962,885	197,166,852	52,016,940
Indonesia	5,397,757	624,827	1,034,035	10,807,224	29,721,323	145,537	81,248	1,073,848	1,314,070	50,199,869	1,213,938
Labuan Offshore	2,429	-	-	-	11,432,100	-	-	1,265	-	11,435,794	-
Hong Kong SAR	1,803,640	1,453,616	342,522	5,684,968	12,873,214	509,623	-	444,704	-	23,112,287	10,760,657
United States of America	691,649	9,745,657	-	2,363,262	826,262	-	-	52,919	-	13,679,749	126,787
People's Republic of China	678,593	326,083	-	2,518,885	5,248,682	966,086	-	31	-	9,738,360	7,477,840
Vietnam	380,434	-	-	-	1,928,485	29,195	-	93,668	274,128	2,705,910	1,061,836
United Kingdom	582,194	-	-	677,084	1,032,164	20,831	-	121,117	-	2,433,390	926,720
Philippines	1,390,136	425,372	388,006	2,251,857	3,853,669	27,607	87,575	439,898	1,360,352	10,224,472	4,586,421
Brunei	128,079	-	-	40,136	485,789	-	-	3	-	654,007	380,883
Cambodia	869,747	149,698	-	-	3,533,247	22	359	12,612	384,508	4,950,193	690,054
Thailand	162,028	1,349	-	132,826	2,211,109	-	-	448,137	-	2,955,449	18,855
Laos	22,689	23,826	-	1,185,695	53,182	-	-	1,540	1,344	1,288,276	140,825
India	9,293	-	-	16,468	-	-	-	2,444	-	28,205	92,423
Others	906,743	7,381	-	4,103,372	156,299	9,081	-	331,121	10,408	5,524,405	2,166,420
	41,483,926	16,037,048	13,491,753	214,772,603	541,887,889	12,757,475	888,231	6,831,922	7,514,129	855,664,976	210,019,243
2020											
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
	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

* 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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54. 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 RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
2021										
Malaysia	16,785,536	16,842,192	-	96,990,137	150,867,200	7,515,446	3,049,072	185,987	292,235,570	78,959,977
Singapore	3,172,694	2,659,889	11,737,130	17,070,418	56,444,231	3,478,117	88,059	1,223,611	95,874,149	27,630,148
Indonesia	186,215	-	-	1,410,106	-	-	-	-	1,596,321	149,118
Labuan Offshore	2,272	-	-	-	11,432,100	-	1,004	-	11,435,376	-
Hong Kong SAR	1,756,477	1,453,616	342,522	4,432,368	12,377,688	509,595	42,835	-	20,915,101	10,760,104
United States of America	379,674	9,745,657	-	1,667,549	826,262	-	12,039	-	12,631,181	126,011
People's Republic of China	678,593	326,083	-	1,223,193	5,248,682	966,086	-	-	8,442,637	7,477,840
Vietnam	218,986	-	-	-	1,199,671	29,195	26	274,128	1,722,006	1,042,980
United Kingdom	575,485	-	-	547,588	1,032,164	-	1,706	-	2,156,943	913,232
Philippines	1,024,575	246,739	-	175,216	-	-	-	-	1,446,530	337,128
Brunei	128,079	-	-	40,136	485,789	-	3	-	654,007	380,883
Cambodia	12,976	184,632	-	-	-	-	-	-	197,608	58,575
Thailand	52,355	-	-	44,578	-	-	-	-	96,933	6,861
Laos	22,577	23,826	-	-	53,182	-	1,540	1,344	102,469	1,669
India	515	-	-	8,131	-	-	-	-	8,646	43,764
Others	728,339	-	-	1,596,291	156,298	-	112	10,408	2,491,448	1,672,805
	25,725,348	31,482,634	12,079,652	125,205,711	240,123,267	12,498,439	3,196,396	1,695,478	452,006,925	129,561,095
2020										
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
	24,106,030	15,268,348	14,849,421	132,477,694	229,924,462	19,713,802	3,902,754	1,647,066	441,889,577	125,993,968

* 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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54. 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 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
2021											
Agriculture	-	-	-	2,139,605	8,192,454	20,674	-	-	-	10,352,733	1,263,725
Mining and quarrying	-	-	-	3,898,589	3,922,823	-	-	-	-	7,821,412	2,367,051
Manufacturing	-	-	-	5,458,610	32,767,398	403,277	-	-	-	38,629,285	11,125,479
Construction	-	-	-	7,947,552	27,268,439	244	-	-	-	35,216,235	15,492,020
Electricity, gas and water supply	-	-	-	11,298,383	9,778,393	245,082	-	-	-	21,321,858	1,982,309
Wholesale, retail trade, restaurants and hotels	-	-	-	2,271,645	51,589,334	30,790	-	479	-	53,892,248	23,904,471
Finance, insurance, real estate and business	41,483,926	16,037,048	13,491,753	139,713,709	116,184,539	11,965,686	888,231	5,723,064	7,514,129	353,002,085	81,823,567
Transport, storage and communication	-	-	-	6,171,386	12,365,891	50,803	-	15	-	18,588,095	3,618,603
Education, health and others	-	-	-	1,556,546	7,687,194	6,574	-	-	-	9,250,314	636,749
Household	-	-	-	-	270,466,768	-	-	414,080	-	270,880,848	53,899,715
Others	-	-	-	34,316,578	1,664,656	34,345	-	694,284	-	36,709,863	13,905,554
	41,483,926	16,037,048	13,491,753	214,772,603	541,887,889	12,757,475	888,231	6,831,922	7,514,129	855,664,976	210,019,243
2020											
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

* 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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54. 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 RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Financial investments portfolio* RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
2021										
Agriculture	-	-	-	1,054,206	4,964,428	16,933	-	-	6,035,567	498,100
Mining and quarrying	-	-	-	503,615	4,000,356	-	-	-	4,503,971	1,852,231
Manufacturing	-	-	-	520,223	16,125,975	385,111	-	-	17,031,309	7,751,872
Construction	-	-	-	4,690,921	13,391,177	244	-	-	18,082,342	11,016,344
Electricity, gas and water supply	-	-	-	1,090,995	7,483,290	213,523	-	-	8,787,808	1,590,743
Wholesale, retail trade, restaurants and hotels	-	-	-	277,574	27,520,009	30,499	-	-	27,828,082	18,819,339
Finance, insurance, real estate and business	25,725,348	31,482,634	12,079,652	94,477,866	86,340,636	11,778,974	3,196,396	1,695,478	266,776,984	50,400,576
Transport, storage and communication	-	-	-	2,610,893	6,187,196	50,650	-	-	8,848,739	1,847,558
Education, health and others	-	-	-	1,556,546	4,091,410	6,574	-	-	5,654,530	435,832
Household	-	-	-	-	65,470,921	-	-	-	65,470,921	26,963,652
Others	-	-	-	18,422,872	4,547,869	15,931	-	-	22,986,672	8,384,848
	25,725,348	31,482,634	12,079,652	125,205,711	240,123,267	12,498,439	3,196,396	1,695,478	452,006,925	129,561,095
2020										
Agriculture	-	-	-	721,572	6,543,697	116,261	-	-	7,381,530	453,295
Mining and quarrying	-	-	-	1,162,930	3,597,507	-	-	-	4,760,437	2,326,374
Manufacturing	-	-	-	423,636	13,585,976	97,917	-	-	14,107,529	6,144,726
Construction	-	-	-	5,942,652	16,919,799	489	-	-	22,862,940	11,583,861
Electricity, gas and water supply	-	-	-	1,185,321	6,399,623	345,388	-	-	7,930,332	1,893,136
Wholesale, retail trade, restaurants and hotels	-	-	-	360,984	27,397,265	103,389	-	-	27,861,638	19,002,100
Finance, insurance, real estate and business	24,106,030	15,268,348	14,849,421	99,924,300	76,261,629	18,775,796	3,902,754	1,647,066	254,735,344	45,888,698
Transport, storage and communication	-	-	-	4,076,091	7,951,355	136,840	-	-	12,164,286	2,533,812
Education, health and others	-	-	-	1,374,032	4,615,030	18,982	-	-	6,008,044	153,970
Household	-	-	-	-	66,617,052	-	-	-	66,617,052	27,436,561
Others	-	-	-	17,306,176	35,529	118,740	-	-	17,460,445	8,577,435
	24,106,030	15,268,348	14,849,421	132,477,694	229,924,462	19,713,802	3,902,754	1,647,066	441,889,577	125,993,968

* 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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54. 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
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2021				
Very Low	88,908,602	22,645	–	88,931,247
Low	19,672,169	378,004	–	20,050,173
Medium	5,005,496	54,672	–	5,060,168
High	140,419	–	–	140,419
Unrated	7,048,591	134,913	–	7,183,504
Impaired	–	–	610,124	610,124
Carrying amount – fair value	120,775,277	590,234	610,124	121,975,635
Expected credit loss	(31,279)	(1,766)	(124,367)	(157,412)
2020				
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)

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54. 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.)

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	
2021				
Very Low	54,107,328	–	–	54,107,328
Low	12,638,187	51,565	–	12,689,752
Medium	3,003,393	–	–	3,003,393
High	114,220	–	–	114,220
Unrated	242,524	–	–	242,524
Impaired	–	–	170,261	170,261
Carrying amount – fair value	70,105,652	51,565	170,261	70,327,478
Expected credit loss	(17,448)	(204)	(96,718)	(114,370)
2020				
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)

Financial investments – at amortised cost

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	
2021				
Very Low	38,385,014	102	–	38,385,116
Low	10,361,753	40,484	–	10,402,237
Medium	7,210,836	–	–	7,210,836
High	5,088	–	–	5,088
Unrated	2,699,803	–	–	2,699,803
Impaired	–	–	2,956,637	2,956,637
	58,662,494	40,586	2,956,637	61,659,717
Less: Expected credit loss	(63,701)	(3,043)	(1,060,783)	(1,127,527)
Net carrying amount	58,598,793	37,543	1,895,854	60,532,190

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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	
2020				
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

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	
2021				
Very Low	22,177,957	–	–	22,177,957
Low	17,995,974	40,484	–	18,036,458
Medium	1,380,253	–	–	1,380,253
High	5,088	–	–	5,088
Impaired	–	–	136,986	136,986
	41,559,272	40,484	136,986	41,736,742
Less: Expected credit loss	(24,769)	(91)	(136,986)	(161,846)
Net carrying amount	41,534,503	40,393	–	41,574,896
2020				
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

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54. 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 FVOCI

	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	
2021				
Group				
Very Low	109,156	-	-	109,156
	109,156	-	-	109,156
Less: Expected credit loss	-	-	-	-
Net carrying amount	109,156	-	-	109,156
Bank				
Very Low	549,294	-	-	549,294
Low	23,141	-	-	23,141
	572,435	-	-	572,435
Less: Expected credit loss	-	-	-	-
Net carrying amount	572,435	-	-	572,435

Loans, advances and financing to financial institutions – at amortised cost

	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	
Group				
2021				
High	934,653	13,216	-	947,869
	934,653	13,216	-	947,869
Less: Expected credit loss	(8,243)	(216)	-	(8,459)
Net carrying amount	926,410	13,000	-	939,410
2020				
Medium	782,533	22,994	-	805,527
High	101,049	-	-	101,049
	883,582	22,994	-	906,576
Less: Expected credit loss	(6,223)	(367)	-	(6,590)
Net carrying amount	877,359	22,627	-	899,986

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54. 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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
Bank				
2021				
Very Low	11,204,537	-	-	11,204,537
Low	10,110,212	77,528	-	10,187,740
Medium	6,312,911	249,439	-	6,562,350
High	139,662	-	-	139,662
Impaired	-	-	3,474,946	3,719,843
	27,767,322	326,967	3,474,946	31,569,235
Less: Expected credit loss	(29,974)	(2,138)	(1,273,262)	(1,305,374)
Net carrying amount	27,737,348	324,829	2,201,684	30,263,861
2020				
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
	26,304,662	3,544,454	641,879	30,490,995
Less: Expected credit loss	(21,722)	(17,223)	(409,064)	(448,009)
Net carrying amount	26,282,940	3,527,231	232,815	30,042,986

Loans, advances and financing to customers – at FVOCI

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
Group				
2021				
Very Low	2,484,048	-	-	2,484,048
Low	8,486,014	12,418	-	8,498,432
Medium	5,890,775	2,084,863	-	7,975,638
High	912,474	863,515	-	1,775,989
Unrated	512,148	-	-	512,148
Impaired	-	-	407,602	407,602
Carrying amount – fair value	18,285,459	2,960,796	407,602	21,653,857
Expected credit loss	(59,713)	(282,533)	(116,638)	(458,884)

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31 December 2021

54. 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 (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	
2020				
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)

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	
2021				
Very Low	686,091	–	–	686,091
Low	8,486,015	12,418	–	8,498,433
Medium	4,889,502	2,084,863	–	6,974,365
High	912,474	863,515	–	1,775,989
Unrated	386,322	–	–	386,322
Impaired	–	–	407,602	407,602
Carrying amount – fair value	15,360,404	2,960,796	407,602	18,728,802
Expected credit loss	(57,414)	(282,531)	(116,638)	(456,583)
2020				
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)

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31 December 2021

54. 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	
2021				
Very Low	179,697,630	546,906	–	180,244,536
Low	169,922,576	11,539,328	–	181,461,904
Medium	80,405,443	21,684,631	–	102,090,074
High	7,440,447	11,239,068	–	18,679,515
Unrated	37,342,666	607,563	–	37,950,229
Impaired	–	–	10,635,931	10,635,931
	474,808,762	45,617,496	10,635,931	531,062,189
Less: Expected credit loss	(1,886,989)	(3,695,297)	(6,309,928)	(11,892,214)
Net carrying amount	472,921,773	41,922,199	4,326,003	519,169,975
2020				
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
	441,646,068	53,683,688	11,284,675	506,614,431
Less: Expected credit loss	(1,994,831)	(3,376,730)	(6,135,332)	(11,506,893)
Net carrying amount	439,651,237	50,306,958	5,149,343	495,107,538

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	
2021				
Very Low	41,851,936	68,225	–	41,920,161
Low	77,337,973	5,111,815	–	82,449,788
Medium	36,759,793	10,700,050	–	47,459,843
High	3,756,626	5,276,855	–	9,033,481
Unrated	9,625,832	115,963	–	9,741,795
Impaired	–	–	6,221,155	6,221,155
	169,332,160	21,272,908	6,221,155	196,826,223
Less: Expected credit loss	(775,643)	(1,412,505)	(4,095,397)	(6,283,545)
Net carrying amount	168,556,517	19,860,403	2,125,758	190,542,678

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31 December 2021

54. 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	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
2020				
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
	160,301,305	26,226,003	6,088,603	192,615,911
Less: Expected credit loss	(856,954)	(1,705,204)	(3,633,579)	(6,195,737)
Net carrying amount	159,444,351	24,520,799	2,455,024	186,420,174

Group	Cash and short-term funds	Deposits and placements with financial institutions	Financial assets purchased under resale agreements	Reinsurance/retakaful and other insurance receivables	Statutory deposits with central banks
	RM'000	RM'000	RM'000	RM'000	RM'000
2021					
Stage 1					
Sovereign	26,749,434	4,928,397	–	–	7,515,213
Very Low	2,542,064	4,804,584	11,738,093	–	–
Low	10,302,676	5,561,895	1,660,801	113,398	–
Medium	1,730,077	247,239	80,169	–	–
High	60,868	187,740	–	–	–
Unrated	116,337	323,969	24,130	775,271	–
	41,501,456	16,053,824	13,503,193	888,669	7,515,213
Less: Expected credit loss	(17,530)	(16,776)	(11,440)	(438)	(1,084)
Net carrying amount	41,483,926	16,037,048	13,491,753	888,231	7,514,129
2020					
Stage 1					
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

None of the above financial assets is in Stage 2 or Stage 3 as at 31 December 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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.).

Bank	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
2021				
Stage 1				
Sovereign	11,798,883	3,823,503	-	1,695,478
Very Low	530,546	4,554,326	11,738,094	-
Low	8,103,135	22,549,691	342,980	-
Medium	1,391,139	247,152	-	-
High	25,376	187,740	-	-
Unrated	3,887,078	126,201	-	-
	25,736,157	31,488,613	12,081,074	1,695,478
Less: Expected credit loss	(10,809)	(5,979)	(1,422)	-
Net carrying amount	25,725,348	31,482,634	12,079,652	1,695,478
2020				
Stage 1				
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	-	-
	24,111,660	15,274,310	14,851,485	1,647,066
Less: Expected credit loss	(5,630)	(5,962)	(2,064)	-
Net carrying amount	24,106,030	15,268,348	14,849,421	1,647,066

None of the above financial assets is in Stage 2 or Stage 3 as at 31 December 2021 and 31 December 2020.

Other assets

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	
2021				
Very Low	772,133	-	-	772,133
Low	1,909,132	-	-	1,909,132
Medium	27,535	-	-	27,535
Unrated	4,125,716	2,390	-	4,128,106
Impaired	-	-	48,222	48,222
	6,834,516	2,390	48,222	6,885,128
Less: Expected credit loss	(5,807)	(20)	(47,379)	(53,206)
Net carrying amount	6,828,709	2,370	843	6,831,922

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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 RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2020				
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
	8,243,130	402	149,707	8,393,239
Less: Expected credit loss	(6,635)	(8)	(88,426)	(95,069)
Net carrying amount	8,236,495	394	61,281	8,298,170

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	
2021				
Very Low	772,133	–	–	772,133
Low	1,875,124	–	–	1,875,124
Medium	27,535	–	–	27,535
Unrated	517,983	–	–	517,983
Impaired	–	–	22,520	22,520
	3,192,775	–	22,520	3,215,295
Less: Expected credit loss	–	–	(18,899)	(18,899)
Net carrying amount	3,192,775	–	3,621	3,196,396
2020				
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

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31 December 2021

54. 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
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2021				
Very Low	400,438	47,376	–	447,814
Low	7,186,378	358,015	–	7,544,393
Medium	4,561,579	1,457,496	–	6,019,075
High	1,290,904	734,724	–	2,025,628
Unrated	1,565,818	211,418	–	1,777,236
Impaired	–	–	121,278	121,278
Carrying amount	15,005,117	2,809,029	121,278	17,935,424
Expected credit loss	(127,960)	(68,815)	(90,597)	(287,372)
2020				
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)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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	
Bank				
2021				
Very Low	239,022	47,159	–	286,181
Low	5,008,661	332,592	–	5,341,253
Medium	1,957,757	720,706	–	2,678,463
High	492,895	617,475	–	1,110,370
Unrated	408,835	209,020	–	617,855
Impaired	–	–	88,180	88,180
Carrying amount	8,107,170	1,926,952	88,180	10,122,302
Expected credit loss	(67,231)	(44,662)	(72,669)	(184,562)
2020				
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)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial investments				
At FVTPL				
Very Low	13,293,657	10,042,161	4,552,120	31,984
Low	12,578,346	12,187,538	7,088,644	8,373,584
Medium	526,751	315,117	42,612	21,000
High	196	1,022	–	1,021
Unrated	5,865,828	12,355,650	1,619,961	8,999,582
Total carrying amount	32,264,778	34,901,488	13,303,337	17,427,171
Loans, advances and financing				
At FVTPL				
Low	15,491	170,712	15,491	170,712
Total carrying amount	15,491	170,712	15,491	170,712

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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
2021				
Malaysia	4,069,286	3,565,434	22,558	7,657,278
Singapore	2,257,333	-	2,827	2,260,160
Indonesia	1,572,988	1,327	4,072	1,578,387
Labuan Offshore	27,802	-	-	27,802
Hong Kong SAR	1,875,164	-	193	1,875,357
United States of America	636,443	-	2	636,445
People's Republic of China	26,670	-	-	26,670
Vietnam	19,757	-	21	19,778
United Kingdom	-	-	107	107
Brunei	61,345	-	956	62,301
Cambodia	104,582	-	-	104,582
Philippines	359,765	-	-	359,765
Thailand	32,369	-	17,473	49,842
Laos	29	-	-	29
Others	-	-	13	13
	11,043,533	3,566,761	48,222	14,658,516
2020				
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
	11,674,491	339,373	149,707	12,163,571

* 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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
2021				
Malaysia	5,639,384	307,247	22,520	5,969,151
Singapore	1,825,988	-	-	1,825,988
Labuan Offshore	27,802	-	-	27,802
Hong Kong SAR	1,867,305	-	-	1,867,305
United States of America	635,855	-	-	635,855
People's Republic of China	26,670	-	-	26,670
Vietnam	19,325	-	-	19,325
Brunei	61,345	-	-	61,345
Laos	29	-	-	29
	10,103,703	307,247	22,520	10,433,470
2020				
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
	7,120,298	327,935	113,911	7,562,144

* 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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
2021				
Agriculture	869,721	-	-	869,721
Mining and quarrying	256,154	3,258,187	-	3,514,341
Manufacturing	728,974	-	-	728,974
Construction	975,250	307,247	-	1,282,497
Electricity, gas and water supply	1,134,735	-	-	1,134,735
Wholesale, retail trade, restaurants and hotels	1,204,455	-	-	1,204,455
Finance, insurance, real estate and business	824,373	1,327	46,935	872,635
Transport, storage and communication	983,614	-	-	983,614
Education, health and others	2,459,191	-	-	2,459,191
Household	1,580,429	-	1,275	1,581,704
Others	26,637	-	12	26,649
	11,043,533	3,566,761	48,222	14,658,516
2020				
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
	11,674,491	339,373	149,707	12,163,571

* 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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
2021				
Agriculture	450,246	-	-	450,246
Mining and quarrying	3,204,999	-	-	3,204,999
Manufacturing	249,128	-	-	249,128
Construction	753,131	307,247	-	1,060,378
Electricity, gas and water supply	1,015,237	-	-	1,015,237
Wholesale, retail trade, restaurants and hotels	217,475	-	-	217,475
Finance, insurance, real estate and business	621,532	-	22,520	644,052
Transport, storage and communication	670,466	-	-	670,466
Education, health and others	2,416,351	-	-	2,416,351
Household	500,548	-	-	500,548
Others	4,590	-	-	4,590
	10,103,703	307,247	22,520	10,433,470
2020				
Agriculture	419,521	-	-	419,521
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	972,994	-	11,046	984,040
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
	7,120,298	327,935	113,911	7,562,144

* 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Residential properties	155,798	151,769	-	-
Others	201,553	194,161	28,500	28,500
	357,351	345,930	28,500	28,500

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.

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31 December 2021

54. 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. The methodology 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 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; and
- 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 reform

IBOR which has been widely used in the global financial markets, has been discontinued end-2021 and replaced by RFRs as part of the global reform of benchmark interest rate. The transition from IBOR to RFRs have significant impact on the Group arising from legal implications for existing derivatives and loan contract referenced to IBOR, adjustment to accounting and valuation approaches, and system recalibration and reconfiguration. In June 2019, the Group set up the IBOR 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 Group's readiness for the IBOR reform.

Since the establishment of the PSC, the Group has been planning and laying the foundations to ensure a smooth IBOR 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. The Group actively monitors the developments in the industry in order to align itself to global market practices. The Board is updated on the progress of the Group's IBOR transition on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(f) Market risk management (cont'd.)

3. Interest rate risk (cont'd.)

IBOR reform (cont'd.)

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 Group and 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 Group's and 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 Group's and 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 the Group and the Bank and its customers and counterparties.

The following table is exposure that have yet to transition from IBOR to RFRs as at 31 December 2021:

	Non- derivatives financial assets carrying value RM'000	Non- derivatives financial liabilities carrying value RM'000	Derivatives nominal amount RM'000
2021			
Group			
USD London Interbank Offered Rate ("LIBOR")	117,734,831	18,759,782	354,477,600
GBP LIBOR	3,919,141	-	-
JPY LIBOR	148,000	-	-
EUR LIBOR	285,604	-	979,815
Total	122,087,576	18,759,782	355,457,415
Bank			
USD LIBOR	108,968,743	18,759,782	255,716,413
GBP LIBOR	2,964,141	-	-
EUR LIBOR	285,604	-	979,815
Total	112,218,488	18,759,782	256,696,228

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31 December 2021

54. 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 2021 and 31 December 2020. 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	>1 to 3 months	>3 to 12 months	>1 to 5 years	Over 5 years	Non-interest sensitive	Trading books	Total	Effective interest rate
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short-term funds	34,362,856	-	-	-	-	7,121,070	-	41,483,926	1.61
Deposits and placements with financial institutions	-	9,511,104	6,017,805	1,979	-	506,160	-	16,037,048	2.39
Financial assets purchased under resale agreements	11,104,170	2,387,583	-	-	-	-	-	13,491,753	1.57
Financial assets designated upon initial recognition at fair value through profit or loss	-	-	-	-	-	-	13,181,866	13,181,866	2.61
Financial investments at fair value through profit or loss	-	-	-	-	-	-	27,775,493	27,775,493	1.96
Financial investments at fair value through other comprehensive income	27,564,210	5,154,859	8,107,540	32,164,890	48,116,658	1,285,797	-	122,393,954	2.40
Financial investments at amortised cost	8,108,206	509,602	3,949,373	13,363,277	34,332,232	269,500	-	60,532,190	3.43
Loans, advances and financing									
- Non-impaired	316,065,870	43,375,843	52,572,350	64,495,955	66,351,649	-	-	542,861,667	4.58
- Impaired*	4,616,967	-	-	-	-	-	-	4,616,967	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(5,590,745)	-	(5,590,745)	-
Derivative assets	-	-	-	-	-	-	12,757,475	12,757,475	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	7,515,864	-	7,515,864	-
Other assets	-	-	-	-	-	8,644,931	-	8,644,931	-
Investment properties	-	-	-	-	-	975,048	-	975,048	-
Other non-interest sensitive balances	-	-	-	-	-	21,494,956	-	21,494,956	-
Total assets	401,822,279	60,938,991	70,647,068	110,026,101	148,800,539	42,222,581	53,714,834	888,172,393	
Liabilities and shareholders' equity									
Customers' funding:									
- Deposits from customers	210,963,334	88,654,111	141,829,209	79,840,513	67,680,466	-	-	588,967,633	1.14
- Investment accounts of customers [^]	3,287,399	2,409,451	6,734,735	6,804,598	9,484,616	-	-	28,720,799	1.12
Deposits and placements from financial institutions	7,024,564	15,545,733	7,610,931	5,374,362	590,367	437,116	-	36,583,073	1.12
Obligations on financial assets sold under repurchase agreements	1,584,733	4,675,211	1,613,773	-	-	-	-	7,873,717	3.22
Derivative liabilities	-	-	-	-	-	-	12,638,175	12,638,175	-
Financial liabilities at fair value through profit or loss	-	-	40,988	-	10,655,978	-	-	10,696,966	4.07
Bills and acceptances payable	-	-	-	-	-	1,077,986	-	1,077,986	-
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	42,093,615	-	42,093,615	-
Other liabilities	255,428	37,131	92,744	2,043,503	-	19,073,290	-	21,502,096	1.45
Borrowings	4,438,850	4,493,595	6,451,098	18,566,781	1,598,028	-	-	35,548,352	2.16
Subordinated obligations	1,137,570	-	-	1,655,516	7,446,191	-	-	10,239,277	3.64
Capital securities	27,832	-	-	-	2,800,000	-	-	2,827,832	4.07
Other non-interest sensitive balances	-	-	-	-	-	850,451	-	850,451	-
Total liabilities	228,719,710	115,815,232	164,373,478	114,285,273	100,255,646	63,532,458	12,638,175	799,619,972	
Shareholders' equity	-	-	-	-	-	85,811,422	-	85,811,422	-
Non-controlling interests	-	-	-	-	-	2,740,999	-	2,740,999	-
	-	-	-	-	-	88,552,421	-	88,552,421	-
Total liabilities and shareholders' equity	228,719,710	115,815,232	164,373,478	114,285,273	100,255,646	152,084,879	12,638,175	888,172,393	
On-balance sheet interest sensitivity gap	173,102,569	(54,876,241)	(93,726,410)	(4,259,172)	48,544,893	(109,862,298)	41,076,659		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(3,731,738)	(9,969,707)	904,760	11,761,956	1,034,729	-	-		
Total interest sensitivity gap	169,370,831	(64,845,948)	(92,821,650)	7,502,784	49,579,622	(109,862,298)	41,076,659		
Cumulative interest rate sensitivity gap	169,370,831	104,524,883	11,703,233	19,206,017	68,785,639	(41,076,659)	-		

* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired loans.

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

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54. 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 2021 and 31 December 2020. 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	>1 to 3 months	>3 to 12 months	>1 to 5 years	Over 5 years	Non-interest sensitive	Trading books	Total	Effective interest rate
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
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	-
Total assets	399,415,857	54,019,209	52,789,110	105,089,412	139,897,694	44,532,398	61,115,834	856,859,514	
Liabilities and shareholders' equity									
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 [^]	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	-
Total liabilities	222,830,215	106,154,514	149,940,541	122,632,116	87,887,311	61,153,439	19,151,751	769,749,887	
Shareholders' equity	-	-	-	-	-	84,436,647	-	84,436,647	-
Non-controlling interests	-	-	-	-	-	2,672,980	-	2,672,980	-
	-	-	-	-	-	87,109,627	-	87,109,627	-
Total liabilities and shareholders' equity	222,830,215	106,154,514	149,940,541	122,632,116	87,887,311	148,263,066	19,151,751	856,859,514	
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	-	-		
Total interest sensitivity gap	173,516,421	(69,888,512)	(75,407,671)	(19,754,525)	53,300,872	(103,730,668)	41,964,083		
Cumulative interest rate sensitivity gap	173,516,421	103,627,909	28,220,238	8,465,713	61,766,585	(41,964,083)	-		

* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired loans.

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

NOTES TO THE FINANCIAL STATEMENTS

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54. 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 2021 and 31 December 2020. 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 2021	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 %
Assets									
Cash and short-term funds	20,635,348	-	-	-	-	5,090,000	-	25,725,348	1.24
Deposits and placements with financial institutions	-	18,631,674	12,231,864	208,600	386,452	24,044	-	31,482,634	1.20
Financial assets purchased under resale agreements	9,692,069	2,387,583	-	-	-	-	-	12,079,652	1.38
Financial investments at fair value through profit or loss	-	-	-	-	-	-	14,003,854	14,003,854	1.64
Financial investments at fair value through other comprehensive income	2,879,595	3,953,202	5,552,112	21,180,154	35,943,645	1,154,353	-	70,663,061	2.35
Financial investments at amortised cost	3,010,011	2,992,518	8,553,241	5,568,752	21,180,971	269,403	-	41,574,896	3.41
Loans, advances and financing									
- Non-impaired	148,803,402	28,419,817	13,403,957	27,831,287	19,266,658	-	-	237,725,121	3.46
- Impaired*	4,618,406	-	-	-	-	-	-	4,618,406	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(2,220,260)	-	(2,220,260)	-
Derivative assets	-	-	-	-	-	-	12,498,439	12,498,439	-
Other assets	-	-	-	-	-	3,550,530	-	3,550,530	-
Other non-interest sensitive balances	-	-	-	-	-	37,649,008	-	37,649,008	-
Total assets	189,638,831	56,384,794	39,741,174	54,788,793	76,777,726	45,517,078	26,502,293	489,350,689	
Liabilities and shareholders' equity									
Deposits from customers	94,128,810	43,023,740	63,444,698	39,504,504	36,457,114	-	-	276,558,866	0.76
Deposits and placements from financial institutions	16,417,652	17,390,240	4,443,831	2,992,211	307,025	16,551	-	41,567,510	0.78
Obligations on financial assets sold under repurchase agreements	11,384,260	11,787,808	1,613,773	-	-	-	-	24,785,841	1.01
Derivative liabilities	-	-	-	-	-	-	12,374,656	12,374,656	-
Financial liabilities at fair value through profit or loss	-	-	40,988	-	10,655,978	-	-	10,696,966	4.07
Bills and acceptances payable	-	-	-	-	-	430,450	-	430,450	-
Other liabilities	172,663	18,897	91,293	10,253	-	8,589,416	-	8,882,522	1.10
Borrowings	952,444	3,084,391	5,593,108	16,491,547	2,168,394	-	-	28,289,884	1.85
Subordinated obligations	127,722	-	-	-	9,700,000	-	-	9,827,722	3.70
Capital securities	27,832	-	-	-	2,800,000	-	-	2,827,832	4.07
Total liabilities	123,211,383	75,305,076	75,227,691	58,998,515	62,088,511	9,036,417	12,374,656	416,242,249	
Shareholders' equity	-	-	-	-	-	73,108,440	-	73,108,440	-
Total liabilities and shareholders' equity	123,211,383	75,305,076	75,227,691	58,998,515	62,088,511	82,144,857	12,374,656	489,350,689	
On-balance sheet interest sensitivity gap	66,427,448	(18,920,282)	(35,486,517)	(4,209,722)	14,689,215	(36,627,779)	14,127,637		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(3,888,113)	(9,493,334)	2,573,400	9,773,318	1,034,729	-	-		
Total interest sensitivity gap	62,539,335	(28,413,616)	(32,913,117)	5,563,596	15,723,944	(36,627,779)	14,127,637		
Cumulative interest rate sensitivity gap	62,539,335	34,125,719	1,212,602	6,776,198	22,500,142	(14,127,637)	-		

* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired loans.

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54. 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 2021 and 31 December 2020. 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 2020	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 %
Assets									
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	-
Total assets	184,535,013	38,824,625	27,952,902	57,495,662	84,433,253	45,158,909	37,903,282	476,303,646	
Liabilities and shareholders' equity									
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	-
Total liabilities	136,360,670	53,934,986	69,527,921	62,222,433	52,376,703	10,890,284	18,724,393	404,037,390	
Shareholders' equity	-	-	-	-	-	72,266,256	-	72,266,256	-
Total liabilities and shareholders' equity	136,360,670	53,934,986	69,527,921	62,222,433	52,376,703	83,156,540	18,724,393	476,303,646	
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	-	-		
Total interest sensitivity gap	44,982,726	(31,966,777)	(19,834,429)	(7,759,817)	33,397,039	(37,997,631)	19,178,889		
Cumulative interest rate sensitivity gap	44,982,726	13,015,949	(6,818,480)	(14,578,297)	18,818,742	(19,178,889)	-		

* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired loans.

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54. 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 2021 and 31 December 2020. 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 2021	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 %
Assets									
Cash and short-term funds	12,123,726	-	-	-	-	3,961	-	12,127,687	1.65
Deposits and placements with financial institutions	-	3,000,157	-	-	-	-	-	3,000,157	1.91
Financial assets purchased under resale agreements	3,308,152	7,112,597	-	-	-	-	-	10,420,749	1.81
Financial investments at fair value through profit or loss	-	-	-	-	-	-	784,302	784,302	1.48
Financial investments at fair value through other comprehensive income	417,427	860,281	1,284,197	6,205,540	6,315,334	-	-	15,082,779	3.92
Financial investments at amortised cost	140,139	24,891	1,738,357	5,614,212	15,350,182	-	-	22,867,781	4.12
Financing and advances									
- Non-impaired	130,307,173	4,493,170	2,190,131	18,446,656	38,479,885	-	-	193,917,015	3.74
- Impaired*	783,321	-	-	-	-	-	-	783,321	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(2,234,619)	-	(2,234,619)	-
Derivative assets	-	-	-	-	-	-	117,420	117,420	-
Other assets	-	-	-	-	-	5,710,586	-	5,710,586	-
Other non-yield/profit sensitive balances	-	-	-	-	-	217,735	-	217,735	-
Total assets	147,079,938	15,491,096	5,212,685	30,266,408	60,145,401	3,697,663	901,722	262,794,913	
Liabilities and Islamic banking capital funds									
Customers' funding:									
- Deposits from customers	54,545,899	32,200,226	46,788,104	17,853,329	28,127,357	-	-	179,514,915	1.27
- Investment accounts of customers [^]	3,287,399	2,409,451	6,734,735	6,804,598	9,484,616	-	-	28,720,799	1.12
Deposits and placements from financial institutions	6,059,107	10,270,953	6,699,705	550,893	283,342	306,127	-	24,170,127	1.84
Derivative liabilities	-	-	-	-	-	-	177,545	177,545	-
Bills and acceptances payable	-	-	-	-	-	19,561	-	19,561	-
Other liabilities	3,592	-	-	-	-	2,186,383	-	2,189,975	0.69
Term funding	-	2,990,422	6,959,474	973,281	-	-	-	10,923,177	2.31
Subordinated sukuk	-	-	-	2,021,814	-	-	-	2,021,814	3.70
Capital securities	-	-	1,002,441	-	-	-	-	1,002,441	4.95
Other non-yield/profit sensitive balances	-	-	-	-	-	38,799	-	38,799	-
Total liabilities	63,895,997	47,871,052	68,184,459	28,203,915	37,895,315	2,550,870	177,545	248,779,153	
Islamic banking capital funds	-	-	-	-	-	14,015,760	-	14,015,760	-
Total liabilities and Islamic banking capital funds	63,895,997	47,871,052	68,184,459	28,203,915	37,895,315	16,566,630	177,545	262,794,913	
On-balance sheet yield/profit rate sensitivity gap	83,183,941	(32,379,956)	(62,971,774)	2,062,493	22,250,086	(12,868,967)	724,177		
Off-balance sheet yield/profit rate sensitivity gap	(63)	(1,947)	245	1,610	155	-	-		
Total yield/profit rate sensitivity gap	83,183,878	(32,381,903)	(62,971,529)	2,064,103	22,250,241	(12,868,967)	724,177		
Cumulative yield/profit rate sensitivity gap	83,183,878	50,801,975	(12,169,554)	(10,105,451)	12,144,790	(724,177)	-		

* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired financing outstanding.

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

NOTES TO THE FINANCIAL STATEMENTS

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54. 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 2021 and 31 December 2020. 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	>1 to 3 months	>3 to 12 months	>1 to 5 years	Over 5 years	Non-yield/ profit rate sensitive	Trading books	Total	Effective yield/profit rate
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
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	-
Total assets	149,145,365	5,775,012	3,049,544	33,629,173	62,202,156	1,727,845	385,303	255,914,398	
Liabilities and Islamic banking capital funds									
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^	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	-
Total liabilities	59,236,843	45,765,196	55,482,273	37,544,822	43,439,371	1,629,724	656,302	243,754,531	
Islamic banking capital funds	-	-	-	-	-	12,159,867	-	12,159,867	-
Total liabilities and Islamic banking capital funds	59,236,843	45,765,196	55,482,273	37,544,822	43,439,371	13,789,591	656,302	255,914,398	
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)	-	-		
Total yield/profit rate sensitivity gap	89,908,655	(39,991,088)	(52,432,729)	(3,914,828)	18,762,735	(12,061,746)	(270,999)		
Cumulative yield/profit rate sensitivity gap	89,908,655	49,917,567	(2,515,162)	(6,429,990)	12,332,745	270,999	-		

* This is arrived after deducting the Lifetime ECL credit impaired from gross impaired financing outstanding.

^ Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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	-100 basis points	+100 basis points	-100 basis points
		RM'000	RM'000	RM'000	RM'000
2021					
Impact to profit before tax		1,128,324	(1,128,324)	374,521	(374,521)
Impact to profit after tax	24%	857,526	(857,526)	284,636	(284,636)
2020					
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)

Impact to profit after tax is measured using 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	-100 basis points	+100 basis points	-100 basis points
		RM'000	RM'000	RM'000	RM'000
2021					
Impact to revaluation reserve for FVOCI		(5,408,431)	5,408,431	(3,805,864)	3,805,864
2020					
Impact to revaluation reserve for FVOCI		(6,577,024)	6,577,024	(4,755,356)	4,755,356

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 buffer on FX risk.

NOTES TO THE FINANCIAL STATEMENTS

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54. 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 2021 and 31 December 2020, 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 2021	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
Assets									
Cash and short-term funds	25,341,845	3,887,216	64,532	94,218	7,017,795	2,388,509	198,496	2,491,315	41,483,926
Deposits and placements with financial institutions	257,167	4,195,402	-	-	11,218,178	19	165,035	201,247	16,037,048
Financial assets purchased under resale agreements	-	6,074,449	-	-	5,995,264	1,009,905	-	412,135	13,491,753
Financial assets designated upon initial recognition at fair value through profit or loss	12,967,202	-	-	-	164,143	-	-	50,521	13,181,866
Financial investments at fair value through profit or loss	11,583,941	6,275,465	40,244	221,927	4,384,369	1,264,234	81,518	3,923,795	27,775,493
Financial investments at fair value through other comprehensive income	54,882,897	33,766,387	238,160	867,807	17,895,037	5,967,639	576,112	8,199,915	122,393,954
Financial investments at amortised cost	54,922,936	-	-	-	2,029,268	1,793,426	-	1,786,560	60,532,190
Loans, advances and financing to financial institutions	109,156	-	-	-	137,455	801,955	-	-	1,048,566
Loans, advances and financing to customers	324,689,430	109,935,303	6,599,030	5,166,901	52,506,659	24,482,794	1,077,677	16,381,529	540,839,323
Derivative assets*	1,688,301	(916,881)	202,873	2,140,367	(3,316,015)	(153,793)	(260,745)	13,373,368	12,757,475
Reinsurance/retakaful assets and other insurance receivables	5,735,574	1,509,525	-	-	1,225	181,644	-	87,896	7,515,864
Other assets*	3,035,089	363,908	385,035	327,774	1,610,713	1,080,840	155,264	1,686,308	8,644,931
Investment properties	969,174	-	-	-	1,015	-	-	4,859	975,048
Statutory deposits with central banks	206,434	3,962,885	-	-	922,673	946,096	-	1,476,041	7,514,129
Interest in associates and joint ventures	281,844	-	-	-	438,283	-	-	1,771,308	2,491,435
Property, plant and equipment	979,452	734,148	23,532	11,718	44,903	283,396	-	52,840	2,129,989
Right-of-use assets	438,661	257,823	9,757	74,758	102,911	168,130	-	118,524	1,170,564
Intangible assets	783,508	1,803,625	-	80,261	16,503	3,170,112	-	829,452	6,683,461
Deferred tax assets*	1,017,658	195	-	-	27,561	237,682	-	222,282	1,505,378
Total assets	499,890,269	171,849,450	7,563,163	8,985,731	101,197,940	43,622,588	1,993,357	53,069,895	888,172,393
Liabilities									
Customers' funding:									
- Deposits from customers	324,923,530	125,315,450	3,256,969	11,279,334	83,002,386	24,593,321	3,212,777	13,383,866	588,967,633
- Investment accounts of customers^	28,720,799	-	-	-	-	-	-	-	28,720,799
Deposits and placements from financial institutions	10,279,774	6,139,338	597,118	915,046	15,298,544	1,227,109	152,434	1,973,710	36,583,073
Obligations on financial assets sold under repurchase agreements	604,067	887,481	-	53,942	4,577,606	80,094	208,215	1,462,312	7,873,717
Derivative liabilities*	32,793,187	3,526,861	2,541,163	2,370,934	(34,017,850)	623,241	(844,669)	5,645,308	12,638,175
Financial liabilities at fair value through profit or loss	40,988	-	-	-	10,655,978	-	-	-	10,696,966
Bills and acceptances payable	418,872	294,903	202	51	208,703	123,312	5,785	26,158	1,077,986
Insurance/takaful contract liabilities and other insurance payables	30,933,209	10,693,912	-	-	6,082	228,106	-	232,306	42,093,615
Other liabilities*	8,075,413	3,224,839	403,617	674,217	2,618,215	1,573,198	316,305	4,616,292	21,502,096
Provision for taxation and zakat	(84,967)	207,871	1,221	24,479	26,549	123,260	-	12,972	311,385
Deferred tax liabilities	492,459	35,158	51	-	-	-	-	11,398	539,066
Borrowings	2,442,511	1,134,639	-	2,979,494	14,206,578	2,738,455	-	12,046,675	35,548,352
Subordinated obligations	10,142,389	-	-	-	-	96,888	-	-	10,239,277
Capital securities	2,827,832	-	-	-	-	-	-	-	2,827,832
Total liabilities	452,610,063	151,460,452	6,800,341	18,297,497	96,582,791	31,406,984	3,050,847	39,410,997	799,619,972
On-balance sheet open position	47,280,206	20,388,998	762,822	(9,311,766)	4,615,149	12,215,604	(1,057,490)	13,658,898	88,552,421
Less: Derivative assets	(1,688,301)	916,881	(202,873)	(2,140,367)	3,316,015	153,793	260,745	(13,373,368)	(12,757,475)
Add: Derivative liabilities	32,793,187	3,526,861	2,541,163	2,370,934	(34,017,850)	623,241	(844,669)	5,645,308	12,638,175
Add: Net forward position	(18,902,876)	(7,771,532)	(3,256,386)	8,947,973	31,802,423	(965,061)	1,582,443	1,321,248	12,758,232
Net open position	59,482,216	17,061,208	(155,274)	(133,226)	5,715,737	12,027,577	(58,971)	7,252,086	101,191,353
Net structural currency exposures	-	15,538,933	22,686	44,852	7,363,820	10,658,941	-	4,832,094	38,461,326

^ Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

* 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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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(f) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Group 2020	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
Assets									
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
Total assets	494,774,216	181,022,214	9,362,253	15,509,504	42,020,495	43,935,327	5,363,963	64,871,542	856,859,514
Liabilities									
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 [^]	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
Total liabilities	446,404,211	165,497,550	8,793,766	19,508,269	41,330,138	33,112,796	5,344,925	49,758,232	769,749,887
On-balance sheet open position	48,370,005	15,524,664	568,487	(3,998,765)	690,357	10,822,531	19,038	15,113,310	87,109,627
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
Net open position	60,152,864	15,580,931	331,767	2,426,595	3,827,446	10,963,349	18,618	5,773,339	99,074,909
Net structural currency exposures	-	15,163,611	35,330	1,014,752	5,044,464	10,111,323	-	4,813,944	36,183,424

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

* 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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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(f) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Bank 2021	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
Assets									
Cash and short-term funds	16,160,022	3,104,941	480,805	263,841	3,718,751	60,244	120,471	1,816,273	25,725,348
Deposits and placements with financial institutions	14,118,654	3,591,345	225,246	-	13,026,397	-	165,035	355,957	31,482,634
Financial assets purchased under resale agreements	-	6,084,388	-	-	5,995,264	-	-	-	12,079,652
Financial investments at fair value through profit or loss	6,550,179	3,073,904	-	-	1,589,297	740,581	-	2,049,893	14,003,854
Financial investments at fair value through other comprehensive income	31,395,997	14,126,170	238,160	867,807	16,255,039	58,532	529,874	7,191,482	70,663,061
Financial investments at amortised cost	38,220,495	1,558,577	-	-	1,678,605	77,083	-	40,136	41,574,896
Loans, advances and financing to financial institutions	29,529,513	-	441,493	-	865,290	-	-	-	30,836,296
Loans, advances and financing to customers	112,510,954	38,247,339	5,120,751	4,786,107	39,562,029	-	739,083	8,320,708	209,286,971
Derivative assets*	6,198,120	(181,707)	186,010	2,132,619	(8,609,676)	(163,709)	(272,242)	13,209,024	12,498,439
Other assets*	2,070,529	82,198	366,494	(10,655)	990,843	(2,949)	27,766	26,304	3,550,530
Statutory deposits with central banks	185,987	1,223,611	-	-	209,674	-	-	76,206	1,695,478
Investment in subsidiaries	11,654,130	14,774,102	-	-	285,159	3,517,532	-	2,974,850	33,205,773
Interest in associates and joint ventures	4,568	-	-	-	434,348	-	-	1,814	440,730
Property, plant and equipment	610,304	237,170	22,691	4,021	5,463	-	-	2,470	882,119
Right-of-use assets	372,491	80,963	7,142	38,327	23,368	-	-	27,835	550,126
Intangible assets	387,290	-	-	1,623	7,442	-	-	10,326	406,681
Deferred tax assets*	377,083	-	-	-	-	-	-	91,018	468,101
Total assets	270,346,316	86,003,001	7,088,792	8,083,690	76,037,293	4,287,314	1,309,987	36,194,296	489,350,689
Liabilities									
Deposits from customers	165,188,653	40,282,183	2,797,665	10,965,081	48,350,236	-	2,523,327	6,451,721	276,558,866
Deposits and placements from financial institutions	9,532,649	9,537,292	707,777	955,726	18,710,758	-	176,357	1,946,951	41,567,510
Obligations on financial assets sold under repurchase agreements	11,031,897	6,182,210	-	53,942	5,676,143	-	208,215	1,633,434	24,785,841
Derivative liabilities*	25,101,976	4,191,481	2,512,008	2,363,781	(27,130,856)	556,047	(840,602)	5,620,821	12,374,656
Financial liabilities at fair value through profit or loss	40,988	-	-	-	10,655,978	-	-	-	10,696,966
Bills and acceptances payable	398,952	27,505	202	51	1,701	-	293	1,746	430,450
Other liabilities*	6,996,194	344,173	579,208	59,034	336,700	133,929	73,955	359,329	8,882,522
Deferred tax liabilities	(1,565)	1,565	-	-	-	-	-	-	-
Provision for taxation and zakat	(129,115)	94,142	1,103	24,379	10,977	-	-	(1,486)	-
Borrowings	2,442,511	980,192	-	2,979,494	11,536,424	-	-	10,351,263	28,289,884
Subordinated obligations	9,827,722	-	-	-	-	-	-	-	9,827,722
Capital securities	2,827,832	-	-	-	-	-	-	-	2,827,832
Total liabilities	233,258,694	61,640,743	6,597,963	17,401,488	68,148,061	689,976	2,141,545	26,363,779	416,242,249
On-balance sheet open position	37,087,622	24,362,258	490,829	(9,317,798)	7,889,232	3,597,338	(831,558)	9,830,517	73,108,440
Less: Derivative assets	(6,198,120)	181,707	(186,010)	(2,132,619)	8,609,676	163,709	272,242	(13,209,024)	(12,498,439)
Add: Derivative liabilities	25,101,976	4,191,481	2,512,008	2,363,781	(27,130,856)	556,047	(840,602)	5,620,821	12,374,656
Add: Net forward position	(18,902,876)	(6,938,275)	(2,798,469)	8,820,515	18,741,297	(668,717)	1,343,052	1,076,124	672,651
Net open position	37,088,602	21,797,171	18,358	(266,121)	8,109,349	3,648,377	(56,866)	3,318,438	73,657,308
Net structural currency exposures	-	20,985,317	22,686	25,324	6,780,092	3,517,532	-	3,758,929	35,089,880

* 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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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(f) Market risk management (cont'd.)

6. Foreign exchange risk (cont'd.)

Bank 2020	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
Assets									
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	-
Total assets	281,371,490	100,478,138	8,997,922	13,596,068	11,498,238	5,321,336	4,654,045	50,386,409	476,303,646
Liabilities									
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
Total liabilities	242,618,240	76,473,446	8,828,541	18,998,682	14,178,712	1,182,349	4,324,595	37,432,825	404,037,390
On-balance sheet open position	38,753,250	24,004,692	169,381	(5,402,614)	(2,680,474)	4,138,987	329,450	12,953,584	72,266,256
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
Net open position	38,756,148	22,721,612	86,056	487,997	2,839,507	3,772,807	55,675	3,479,558	72,199,360
Net structural currency exposures	-	20,893,727	35,330	845,440	4,518,800	3,517,532	-	3,627,322	33,438,151

* 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.

NOTES TO THE FINANCIAL STATEMENTS

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54. 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:

Group	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
2021			
Singapore Dollar	15,538,933	–	15,538,933
Great Britain Pound	22,686	–	22,686
Hong Kong Dollar	44,852	–	44,852
United States Dollar	7,363,820	–	7,363,820
Indonesia Rupiah	10,658,941	–	10,658,941
Others	4,832,094	–	4,832,094
	38,461,326	–	38,461,326
2020			
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
	38,205,432	(2,022,008)	36,183,424
Bank	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
2021			
Singapore Dollar	20,985,317	–	20,985,317
Great Britain Pound	22,686	–	22,686
Hong Kong Dollar	25,324	–	25,324
United States Dollar	6,780,092	–	6,780,092
Indonesia Rupiah	3,517,532	–	3,517,532
Others	3,758,929	–	3,758,929
	35,089,880	–	35,089,880
2020			
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
	35,460,159	(2,022,008)	33,438,151

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54. 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
2021				
Impact to profit after taxation	(14,964)	14,964	(15,031)	15,031
2020				
Impact to profit after taxation	(828)	828	(4,561)	4,561

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 subjected 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
2021				
Impact to profit after tax	695,338	(695,338)	43,952	(43,952)
Impact to post-tax equity	6,071	(6,071)	1,177	(1,177)
2020				
Impact to profit after tax	479,878	(479,878)	39,422	(39,422)
Impact to post-tax equity	534	(534)	1,356	(1,356)

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54. 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, Net Stable Funding Ratio 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

31 December 2021

54. 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 2021 and 31 December 2020.

These disclosures are made in accordance with the requirement of Policy document on Financial Reporting issued by BNM:

Group 2021	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
Assets									
Cash and short-term funds	41,483,926	-	-	-	-	-	-	-	41,483,926
Deposits and placements with financial institutions	-	7,887,436	6,696,112	847,031	1,979	208,958	395,532	-	16,037,048
Financial assets purchased under resale agreements	11,077,600	1,910,649	-	503,504	-	-	-	-	13,491,753
Financial assets designated upon initial recognition at fair value through profit or loss	120,754	106,468	114,791	177,595	640,830	1,314,325	10,703,322	3,781	13,181,866
Financial investments at fair value through profit or loss	3,537,836	3,411,265	2,144,321	1,387,687	1,147,178	1,832,893	9,253,864	5,060,449	27,775,493
Financial investments at fair value through other comprehensive income	10,986,890	8,017,404	5,614,971	4,827,092	19,226,802	17,037,547	56,103,524	579,724	122,393,954
Financial investments at amortised cost	3,861,268	3,525,038	5,285,393	8,412,451	9,192,782	4,543,503	25,711,755	-	60,532,190
Loans, advances and financing to financial institutions	42,286	41,295	64,346	21,935	72,279	331,530	474,895	-	1,048,566
Loans, advances and financing to customers	63,327,745	24,675,664	15,990,157	21,107,692	55,499,716	64,173,066	296,065,283	-	540,839,323
Derivative assets	398,856	910,570	562,144	774,485	1,670,640	873,075	7,567,705	-	12,757,475
Reinsurance/retakaful assets and other insurance receivables	7,334,220	-	-	181,644	-	-	-	-	7,515,864
Other assets	4,017,453	25,922	2,094	806,012	23,759	10,075	4,571	3,755,045	8,644,931
Investment properties	-	-	-	-	-	-	-	975,048	975,048
Statutory deposits with central banks	-	-	-	-	-	-	-	7,514,129	7,514,129
Interest in associates and joint ventures	-	-	-	-	-	-	-	2,491,435	2,491,435
Property, plant and equipment	-	-	-	-	-	-	-	2,129,989	2,129,989
Right-of-use assets	-	-	-	-	-	-	-	1,170,564	1,170,564
Intangible assets	-	-	-	-	-	-	-	6,683,461	6,683,461
Deferred tax assets	-	-	-	-	-	-	-	1,505,378	1,505,378
Total assets	146,188,834	50,511,711	36,474,329	39,047,128	87,475,965	90,324,972	406,280,451	31,869,003	888,172,393
Liabilities									
Customers' funding:									
- Deposits from customers	374,767,438	80,986,848	62,144,886	54,890,862	12,971,742	109,862	3,095,995	-	588,967,633
- Investment accounts of customers [^]	25,205,073	784,171	1,238,101	1,483,337	4,741	5,376	-	-	28,720,799
Deposits and placements from financial institutions	4,203,038	18,892,133	2,751,202	5,320,570	4,604,732	221,031	590,367	-	36,583,073
Obligations on financial assets sold under repurchase agreements	1,592,948	4,677,004	122,141	1,113,295	79,694	62,368	226,267	-	7,873,717
Derivative liabilities	1,074,991	1,123,519	731,519	682,521	1,694,361	895,434	6,435,830	-	12,638,175
Financial liabilities at fair value through profit or loss	-	-	18,450	22,400	-	-	10,656,116	-	10,696,966
Bills and acceptances payable	815,189	127,242	125,438	7,734	2,383	-	-	-	1,077,986
Insurance/takaful contract liabilities and other insurance payables	31,183,561	-	-	231,020	-	-	10,679,034	-	42,093,615
Other liabilities	14,149,847	31,871	147,445	305,589	2,626,659	970,304	1,020,188	2,250,193	21,502,096
Provision for taxation and zakat	19,367	9,750	12,739	11,567	-	-	-	257,962	311,385
Deferred tax liabilities	-	-	-	-	-	-	-	539,066	539,066
Borrowings	3,457,642	2,502,259	4,968,349	2,910,080	14,662,581	3,699,300	3,348,141	-	35,548,352
Subordinated obligations	127,722	-	-	1,313	3,795,575	5,300,000	1,014,667	-	10,239,277
Capital securities	27,832	-	-	-	1,240,000	1,560,000	-	-	2,827,832
Total liabilities	456,624,648	109,134,797	72,260,270	66,980,288	41,682,468	12,823,675	37,066,605	3,047,221	799,619,972
Net liquidity gap	(310,435,814)	(58,623,086)	(35,785,941)	(27,933,160)	45,793,497	77,501,297	369,213,846	28,821,782	88,552,421

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

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54. 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 2021 and 31 December 2020 (cont'd.).

These disclosures are made in accordance with the requirement of Policy document on Financial Reporting issued by BNM (cont'd.):

Group 2020	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
Assets									
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
Total assets	144,553,461	45,597,409	22,142,485	32,027,704	98,244,470	78,169,870	402,399,692	33,724,423	856,859,514
Liabilities									
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 [^]	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
Total liabilities	424,945,006	105,631,050	69,520,573	64,360,848	52,813,512	14,623,991	33,555,759	4,299,148	769,749,887
Net liquidity gap	(280,391,545)	(60,033,641)	(47,378,088)	(32,333,144)	45,430,958	63,545,879	368,843,933	29,425,275	87,109,627

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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 2021 and 31 December 2020 (cont'd.).

These disclosures are made in accordance with the requirement of Policy document on Financial Reporting issued by BNM (cont'd.):

Bank 2021	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
Assets									
Cash and short-term funds	25,725,348	-	-	-	-	-	-	-	25,725,348
Deposits and placements with financial institutions	-	23,339,597	6,693,590	844,957	-	208,958	395,532	-	31,482,634
Financial assets purchased under resale agreements	9,691,332	2,388,320	-	-	-	-	-	-	12,079,652
Financial investments at fair value through profit or loss	1,910,192	2,892,288	2,073,602	1,247,939	849,252	1,428,117	2,324,111	1,278,353	14,003,854
Financial investments at fair value through other comprehensive income	2,880,104	3,958,020	3,250,426	2,315,668	10,227,326	11,762,066	35,935,322	334,129	70,663,061
Financial investments at amortised cost	3,040,447	3,007,955	3,764,473	4,813,634	3,402,817	2,175,394	21,370,176	-	41,574,896
Loans, advances and financing to financial institutions	5,650,460	1,761,574	59,392	1,048,412	6,228,742	2,402,274	13,685,442	-	30,836,296
Loans, advances and financing to customers	34,078,741	14,685,668	9,262,088	13,187,067	31,461,250	29,211,491	77,400,666	-	209,286,971
Derivative assets	362,814	845,931	418,808	687,725	1,597,239	884,679	7,701,243	-	12,498,439
Other assets	252,059	5	444	-	787	788	-	3,296,447	3,550,530
Statutory deposits with central banks	-	-	-	-	-	-	-	1,695,478	1,695,478
Investment in subsidiaries	-	-	-	-	-	-	-	33,205,773	33,205,773
Interest in associates and joint ventures	-	-	-	-	-	-	-	440,730	440,730
Property, plant and equipment	-	-	-	-	-	-	-	882,119	882,119
Right-of-use assets	-	-	-	-	-	-	-	550,126	550,126
Intangible assets	-	-	-	-	-	-	-	406,681	406,681
Deferred tax assets	-	-	-	-	-	-	-	468,101	468,101
Total assets	83,591,497	52,879,358	25,522,823	24,145,402	53,767,413	48,073,767	158,812,492	42,557,937	489,350,689
Liabilities									
Deposits from customers	187,159,269	38,537,972	28,359,327	21,421,332	999,491	81,475	-	-	276,558,866
Deposits and placements from financial institutions	16,020,694	17,557,301	2,482,818	2,034,920	3,119,877	44,875	307,025	-	41,567,510
Obligations on financial assets sold under repurchase agreements	18,505,071	4,677,004	122,141	1,113,295	79,694	62,368	226,268	-	24,785,841
Derivative liabilities	1,017,615	1,062,401	658,883	603,744	1,678,158	891,753	6,462,102	-	12,374,656
Financial liabilities at fair value through profit or loss	-	-	18,450	22,400	-	-	10,656,116	-	10,696,966
Bills and acceptances payable	429,356	-	1,094	-	-	-	-	-	430,450
Other liabilities	6,638,445	54,425	42,752	118,731	84,035	79,950	443,963	1,420,221	8,882,522
Provision for taxation and zakat	24,612	8,800	276	276	-	-	-	(33,964)	-
Borrowings	1,578,244	1,723,344	3,796,604	2,575,017	12,748,981	3,699,300	2,168,394	-	28,289,884
Subordinated obligations	127,722	-	-	-	3,700,000	5,300,000	700,000	-	9,827,722
Capital securities	27,832	-	-	-	1,240,000	1,560,000	-	-	2,827,832
Total liabilities	231,528,860	63,621,247	35,482,345	27,889,715	23,650,236	11,719,721	20,963,868	1,386,257	416,242,249
Net liquidity gap	(147,937,363)	(10,741,889)	(9,959,522)	(3,744,313)	30,117,177	36,354,046	137,848,624	41,171,680	73,108,440

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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 2021 and 31 December 2020 (cont'd.).

These disclosures are made in accordance with the requirement of Policy document on Financial Reporting issued by BNM (cont'd.):

Bank 2020	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
Assets									
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
Total assets	81,469,725	37,110,311	19,099,284	22,266,456	65,394,086	36,862,199	174,246,196	39,855,389	476,303,646
Liabilities									
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
Total liabilities	226,666,555	55,153,227	32,347,426	30,773,247	18,017,197	13,758,155	25,565,327	1,756,256	404,037,390
Net liquidity gap	(145,196,830)	(18,042,916)	(13,248,142)	(8,506,791)	47,376,889	23,104,044	148,680,869	38,099,133	72,266,256

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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 analyse the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities as at 31 December 2021 and 31 December 2020. 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	>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
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-derivative liabilities								
Deposits from customers	378,388,993	79,691,080	62,930,566	55,189,910	14,579,874	141,414	1,266,681	592,188,518
Investment accounts of customers	25,215,340	789,302	1,246,591	1,499,101	5,025	5,773	-	28,761,132
Deposits and placements from financial institutions	4,117,994	18,899,443	3,713,923	6,716,428	2,620,546	222,930	593,381	36,884,645
Obligations on financial assets sold under repurchase agreements	1,591,914	4,628,991	122,141	1,112,328	79,694	62,368	226,267	7,823,703
Financial liabilities at fair value through profit or loss	-	-	18,450	22,400	-	-	11,318,636	11,359,486
Bills and acceptances payable	1,076,905	-	1,094	-	-	-	-	1,077,999
Insurance/takaful contract liabilities and other insurance payables	31,207,703	-	-	231,020	-	-	10,679,034	42,117,757
Other liabilities	10,113,816	535,583	1,481,137	1,472,446	5,046,973	999,124	1,907,228	21,556,307
Borrowings	3,045,839	3,203,587	4,871,320	2,937,638	16,589,005	4,016,707	2,427,076	37,091,172
Subordinated obligations	-	1,792	1,734	3,585	4,482,869	6,078,856	1,144,807	11,713,643
Capital securities	-	-	-	-	-	1,391,774	1,882,137	3,273,911
	454,758,504	107,749,778	74,386,956	69,184,856	43,403,986	12,918,946	31,445,247	793,848,273
Commitments and contingencies								
Direct credit substitutes	907,236	1,982,597	2,385,005	4,194,591	1,366,455	91,985	458,574	11,386,443
Certain transaction-related contingent items	1,272,559	955,665	2,343,405	2,844,939	5,483,056	1,623,370	293,521	14,816,515
Short-term self-liquidating trade-related contingencies	1,044,329	1,443,335	337,403	125,810	1,828	-	-	2,952,705
Irrevocable commitments to extend credit	89,406,092	5,314,453	884,987	33,730,119	21,550,955	17,129,610	593,564	168,609,780
Miscellaneous	6,450,251	2,958,044	1,287,232	1,270,993	144,093	133,265	9,922	12,253,800
	99,080,467	12,654,094	7,238,032	42,166,452	28,546,387	18,978,230	1,355,581	210,019,243
Group								
2020								
Non-derivative liabilities								
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	-	-	-	-	-	-	9,921,990	9,921,990
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	3,501,644	40,091,656
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	29,262,190	757,167,039
Commitments and contingencies								
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

54. 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 cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities as at 31 December 2021 and 31 December 2020. 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 2021	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
Non-derivative liabilities								
Deposits from customers	187,207,540	38,611,354	28,439,648	21,559,299	1,012,339	84,931	-	276,915,111
Deposits and placements from financial institutions	16,035,675	17,570,180	2,487,995	2,046,184	3,158,614	45,348	307,025	41,651,021
Obligations on financial assets sold under repurchase agreements	18,503,527	4,628,991	122,141	1,112,328	79,694	62,368	226,267	24,735,316
Financial liabilities at fair value through profit or loss	-	-	18,450	22,400	-	-	11,318,636	11,359,486
Bills and acceptances payable	429,356	-	1,094	-	-	-	-	430,450
Other liabilities	1,114,557	548,547	1,373,389	1,275,441	3,002,468	116,777	386,307	7,817,486
Borrowings	672,287	1,906,779	4,046,151	3,154,418	13,412,908	4,016,707	2,395,417	29,604,667
Subordinated obligations	-	-	-	-	4,154,092	6,078,856	830,140	11,063,088
Capital securities	-	-	-	-	-	1,391,774	1,882,137	3,273,911
	223,962,942	63,265,851	36,488,868	29,170,070	24,820,115	11,796,761	17,345,929	406,850,536
Commitments and contingencies								
Direct credit substitutes	333,347	1,816,781	1,922,265	2,802,693	1,051,546	33,519	8,193	7,968,344
Certain transaction-related contingent items	964,335	815,077	1,684,854	2,275,923	4,068,662	1,223,743	175,542	11,208,136
Short-term self-liquidating trade-related contingencies	655,753	969,133	288,799	122,495	1,828	-	-	2,038,008
Irrevocable commitments to extend credit	72,755,040	5,314,453	884,987	2,656,783	11,134,358	7,670,669	-	100,416,290
Miscellaneous	2,411,826	2,947,776	1,278,907	1,184,479	-	97,417	9,912	7,930,317
	77,120,301	11,863,220	6,059,812	9,042,373	16,256,394	9,025,348	193,647	129,561,095

Bank 2020	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
Non-derivative liabilities								
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	-	-	-	-	-	-	9,921,990	9,921,990
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	3,472,497	34,854,737
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	19,814,601	389,261,352
Commitments and contingencies								
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

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54. 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 2021 and 31 December 2020. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group	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
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange related contracts	(39,481)	(93,433)	(85,751)	(106,492)	(186,356)	1,793	-	(509,720)
- Interest rate related contracts	(483,921)	(434,486)	(32,535)	(73,065)	(483,961)	(242,676)	(4,144,017)	(5,894,661)
- Equity related contracts	(36,932)	(10,245)	2,766	-	12,766	-	-	(31,645)
Hedging derivatives								
- Interest rate related contracts	(3,229)	(68)	(124)	(266)	(608)	68	471	(3,756)
	(563,563)	(538,232)	(115,644)	(179,823)	(658,159)	(240,815)	(4,143,546)	(6,439,782)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(102,028,195)	(50,907,110)	(32,669,363)	(20,159,244)	(14,925,136)	(4,763,617)	(2,478,968)	(227,931,633)
- Inflow	101,824,660	50,843,376	32,508,939	20,320,010	14,080,660	4,510,056	2,403,763	226,491,464
Hedging derivatives								
Derivatives:								
- Outflow	(419,141)	(382,204)	(1,465,442)	(55,091)	(3,674,356)	(743,886)	(806,602)	(7,546,722)
- Inflow	419,648	373,953	1,354,554	21,963	3,532,437	701,963	722,598	7,127,116
	(203,028)	(71,985)	(271,312)	127,638	(986,395)	(295,484)	(159,209)	(1,859,775)
Group	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
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- 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)
Hedging derivatives								
- 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)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
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
Hedging derivatives								
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)

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54. 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 2021 and 31 December 2020. 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
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange related contracts	(40,946)	(94,070)	(85,751)	(106,492)	(186,356)	-	-	(513,615)
- Interest rate related contracts	(484,021)	(434,677)	(32,502)	(74,836)	(488,560)	(245,603)	(4,144,017)	(5,904,216)
- Equity related contracts	(12,839)	(10,245)	2,766	-	12,766	-	-	(7,552)
Hedging derivatives								
- Interest rate related contracts	(3,229)	(68)	(124)	(266)	(608)	68	471	(3,756)
	(541,035)	(539,060)	(115,611)	(181,594)	(662,758)	(245,535)	(4,143,546)	(6,429,139)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(98,960,043)	(49,609,504)	(31,054,510)	(19,901,924)	(14,893,970)	(4,698,943)	(2,349,214)	(221,468,108)
- Inflow	98,784,505	49,608,756	30,916,179	20,128,737	14,056,244	4,454,785	2,282,357	220,231,563
Hedging derivatives								
Derivatives:								
- Outflow	(419,141)	(382,204)	(1,465,442)	(55,091)	(3,674,356)	(743,886)	(806,602)	(7,546,722)
- Inflow	419,648	373,953	1,354,554	21,963	3,532,437	701,963	722,598	7,127,116
	(175,031)	(8,999)	(249,219)	193,685	(979,645)	(286,081)	(150,861)	(1,656,151)
Bank								
2020								
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- 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)
Hedging derivatives								
- 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)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
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
Hedging derivatives								
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)

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54. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(h) Non-financial risk management

Non-financial 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. In Maybank, the management of operational risk has evolved to encompass a wider range of non-financial risks such as business continuity risk and outsourcing risk.

The Group's Non-Financial Risk ("NFR") 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 non-financial 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 NFR framework.

The NFR team, as the second line of defence, is responsible for the formulation and implementation of non-financial risk management policy within the Group, which encompasses the non-financial risk management strategy and governance structure. The NFR team is also responsible for the development and implementation of non-financial risk management tools and methodologies to identify, measure, control, report and monitor non-financial risks.

The Group's Audit plays the third line of defence by providing independent assurance in respect of the overall effectiveness of the non-financial risk management process, which includes performing independent review and periodic validation of the NFR policy and process as well as conducting regular review on implementation of NFR tools by NFR and the respective business units.

55. 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:

- Valuation principles;
- Valuation techniques;
- Fair value measurements and classification within the fair value hierarchy;
- Transfers between Level 1 and Level 2 in the fair value hierarchy;
- Movements of Level 3 instruments;
- Sensitivity of fair value measurements to changes in unobservable input assumptions; and
- 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 were 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.

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55. 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 2021	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	
Non-financial assets measured at fair value:				
Investment properties	-	-	975,048	975,048
Financial assets measured at fair value:				
Financial assets designated upon initial recognition at fair value through profit or loss				
Money market instruments	-	714,373	-	714,373
Quoted securities	4,096	-	-	4,096
Unquoted securities	-	12,463,397	-	12,463,397
Financial investments at fair value through profit or loss	11,902,031	15,012,817	860,645	27,775,493
Money market instruments	-	9,951,049	-	9,951,049
Quoted securities	11,902,031	-	-	11,902,031
Unquoted securities	-	5,061,768	860,645	5,922,413
Financial investments at fair value through other comprehensive income	5,098,873	116,868,864	426,217	122,393,954
Money market instruments	-	61,262,217	-	61,262,217
Quoted securities	5,098,873	-	-	5,098,873
Unquoted securities	-	55,606,647	426,217	56,032,864
Loans, advances and financing at fair value through profit or loss	-	-	15,491	15,491
Loans, advances and financing at fair value through other comprehensive income	-	-	21,763,013	21,763,013
Derivative assets	-	12,336,825	420,650	12,757,475
Foreign exchange related contracts	-	2,704,144	-	2,704,144
Interest rate related contracts	-	9,917,005	-	9,917,005
Equity and commodity related contracts	-	261,056	420,650	681,706
Credit related contracts	-	468	-	468
Netting effects under MFRS 132 Amendments	-	(545,848)	-	(545,848)
	17,005,000	157,396,276	23,486,016	197,887,292
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Structured deposits	-	40,988	-	40,988
Borrowings	-	10,655,978	-	10,655,978
Derivative liabilities	-	12,217,525	420,650	12,638,175
Foreign exchange related contracts	-	2,992,049	-	2,992,049
Interest rate related contracts	-	9,612,631	-	9,612,631
Equity and commodity related contracts	-	157,886	420,650	578,536
Credit related contracts	-	807	-	807
Netting effects under MFRS 132 Amendments	-	(545,848)	-	(545,848)
	-	22,914,491	420,650	23,335,141

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55. 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 2020	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	
Non-financial assets measured at fair value:				
Investment properties	-	-	941,545	941,545
Financial assets measured at fair value:				
Financial assets designated upon initial recognition at fair value through profit or loss				
Money market instruments	-	639,811	-	639,811
Quoted securities	130,153	-	-	130,153
Unquoted securities	-	13,258,067	-	13,258,067
Financial investments at fair value through profit or loss	8,766,663	17,541,955	871,228	27,179,846
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
Financial investments at fair value through other comprehensive income	3,499,479	123,459,360	543,842	127,502,681
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
Loans, advances and financing at fair value through profit or loss	-	-	170,712	170,712
Loans, advances and financing at fair value through other comprehensive income	-	-	16,031,857	16,031,857
Derivative assets	-	19,854,044	53,913	19,907,957
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)
	12,396,295	174,753,237	17,671,552	204,821,084
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Borrowings	-	10,161,921	-	10,161,921
	-	10,161,921	-	10,161,921
Derivative liabilities	-	19,097,838	53,913	19,151,751
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)
	-	29,259,759	53,913	29,313,672

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55. 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 2021	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	
Financial assets measured at fair value:				
Financial investments at fair value through profit or loss	578,310	12,725,264	700,280	14,003,854
Money market instruments	-	8,733,992	-	8,733,992
Quoted securities	578,310	-	-	578,310
Unquoted securities	-	3,991,272	700,280	4,691,552
Financial investments at fair value through other comprehensive income	15,490	70,255,232	392,339	70,663,061
Money market instruments	-	29,385,555	-	29,385,555
Quoted securities	15,490	-	-	15,490
Unquoted securities	-	40,869,677	392,339	41,262,016
Loans, advances and financing at fair value through profit or loss	-	-	15,491	15,491
Loans, advances and financing at fair value through other comprehensive income	-	-	19,301,237	19,301,237
Derivative assets	-	12,077,789	420,650	12,498,439
Foreign exchange related contracts	-	2,590,973	-	2,590,973
Interest rate related contracts	-	10,019,308	-	10,019,308
Equity and commodity related contracts	-	7,405	420,650	428,055
Credit related contracts	-	468	-	468
Netting effects under MFRS 132 Amendments	-	(540,365)	-	(540,365)
	593,800	95,058,285	20,829,997	116,482,082
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss	-	10,696,966	-	10,696,966
Structured deposits	-	40,988	-	40,988
Borrowings	-	10,655,978	-	10,655,978
Derivative liabilities	-	11,954,006	420,650	12,374,656
Foreign exchange related contracts	-	2,885,298	-	2,885,298
Interest rate related contracts	-	9,601,511	-	9,601,511
Equity and commodity related contracts	-	6,755	420,650	427,405
Credit related contracts	-	807	-	807
Netting effects under MFRS 132 Amendments	-	(540,365)	-	(540,365)
	-	22,650,972	420,650	23,071,622

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55. 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 2020	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	
Financial assets measured at fair value:				
Financial investments at fair value through profit or loss	518,705	16,988,267	682,508	18,189,480
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
Financial investments at fair value through other comprehensive income	17,836	75,004,340	511,617	75,533,793
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
Loans, advances and financing at fair value through profit or loss	-	-	170,712	170,712
Loans, advances and financing at fair value through other comprehensive income	-	-	13,290,590	13,290,590
Derivative assets	-	19,659,889	53,913	19,713,802
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)
	536,541	111,652,496	14,709,340	126,898,377
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss	-	10,161,921	-	10,161,921
Borrowings	-	10,161,921	-	10,161,921
Derivative liabilities	-	18,670,480	53,913	18,724,393
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)
	-	28,832,401	53,913	28,886,314

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55. 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 2021.

(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 As at 31 December 2021	At 1 January 2021 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised (losses)/gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	At 31 December 2021 RM'000
Financial investments at fair value through profit or loss									
Unquoted securities	871,228	10,029	28,665	-	-	(49,269)	-	(8)	860,645
Financial investments at fair value through other comprehensive income									
Unquoted securities	543,842	-	-	(119,255)	-	-	-	1,630	426,217
Loans, advances and financing at fair value through profit or loss									
	170,712	-	-	-	15,491	-	(176,044)	5,332	15,491
Loans, advances and financing at fair value through other comprehensive income									
	16,031,857	-	-	25,845	10,914,879	-	(5,464,275)	254,707	21,763,013
Derivative assets									
Equity and commodity related contracts	53,913	906,975	193,932	-	258,058	(992,228)	-	-	420,650
Total Level 3 financial assets	17,671,552	917,004	222,597	(93,410)	11,188,428	(1,041,497)	(5,640,319)	261,661	23,486,016
Derivative liabilities									
Equity and commodity related contracts	(53,913)	918,875	(193,932)	-	(258,058)	(833,622)	-	-	(420,650)
Total Level 3 financial liabilities	(53,913)	918,875	(193,932)	-	(258,058)	(833,622)	-	-	(420,650)
Total net Level 3 financial assets/(liabilities)	17,617,639	1,835,879	28,665	(93,410)	10,930,370	(1,875,119)	(5,640,319)	261,661	23,065,366

* Included within 'Other operating income', '(Allowances for)/writeback of 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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55. 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 As at 31 December 2020	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	At 31 December 2020 RM'000
Financial investments at fair value through profit or loss									
Unquoted securities	807,125	3,900	64,870	-	-	(4,680)	-	13	871,228
Financial investments at fair value through other comprehensive income									
Unquoted securities	463,260	-	-	80,671	-	-	-	(89)	543,842
Loans, advances and financing at fair value through profit or loss	401,703	-	479	-	155,483	-	(382,457)	(4,496)	170,712
Loans, advances and financing at fair value through other comprehensive income	11,821,285	-	-	212,883	6,472,615	-	(2,461,126)	(13,800)	16,031,857
Derivative assets									
Equity and commodity related contracts	83,393	456,777	77,240	-	36,870	-	(600,367)	-	53,913
Total Level 3 financial assets	13,576,766	460,677	142,589	293,554	6,664,968	(4,680)	(3,443,950)	(18,372)	17,671,552
Derivative liabilities									
Equity and commodity related contracts	(83,393)	457,440	77,240	-	(36,870)	-	(468,330)	-	(53,913)
Total Level 3 financial liabilities	(83,393)	457,440	77,240	-	(36,870)	-	(468,330)	-	(53,913)
Total net Level 3 financial assets/(liabilities)	13,493,373	918,117	219,829	293,554	6,628,098	(4,680)	(3,912,280)	(18,372)	17,617,639

* Included within 'Other operating income', '(Allowances for)/writeback of 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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55. 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 As at 31 December 2021	At 1 January 2021 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised (losses)/gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	At 31 December 2021 RM'000
Financial investments at fair value through profit or loss									
Unquoted securities	682,508	-	17,772	-	-	-	-	-	700,280
Financial investments at fair value through other comprehensive income									
Unquoted securities	511,617	-	-	(119,278)	-	-	-	-	392,339
Loans, advances and financing at fair value through profit or loss									
	170,712	-	-	-	15,491	-	(176,044)	5,332	15,491
Loans, advances and financing at fair value through other comprehensive income									
	13,290,590	-	-	25,846	10,849,203	-	(5,114,925)	250,523	19,301,237
Derivative assets									
Equity and commodity related contracts	53,913	906,975	193,932	-	258,058	(992,228)	-	-	420,650
Total Level 3 financial assets	14,709,340	906,975	211,704	(93,432)	11,122,752	(992,228)	(5,290,969)	255,855	20,829,997
Derivative liabilities									
Equity and commodity related contracts	(53,913)	918,875	(193,932)	-	(258,058)	(833,622)	-	-	(420,650)
Total Level 3 financial liabilities	(53,913)	918,875	(193,932)	-	(258,058)	(833,622)	-	-	(420,650)
Total net Level 3 financial assets/(liabilities)	14,655,427	1,825,850	17,772	(93,432)	10,864,694	(1,825,850)	(5,290,969)	255,855	20,409,347

* Included within 'Other operating income' and '(Allowances for)/writeback of impairment losses on financial investments'.

Included within 'Other operating income'.

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55. 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 As at 31 December 2020	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	At 31 December 2020 RM'000
Financial investments at fair value through profit or loss									
Unquoted securities	622,176	-	60,332	-	-	-	-	-	682,508
Financial investments at fair value through other comprehensive income									
Unquoted securities	429,654	-	-	81,963	-	-	-	-	511,617
Loans, advances and financing at fair value through profit or loss	401,703	-	479	-	155,483	-	(382,457)	(4,496)	170,712
Loans, advances and financing at fair value through other comprehensive income	11,380,901	-	-	178,658	4,125,357	-	(2,380,526)	(13,800)	13,290,590
Derivative assets									
Equity and commodity related contracts	83,393	456,777	77,240	-	36,870	-	(600,367)	-	53,913
Total Level 3 financial assets	12,917,827	456,777	138,051	260,621	4,317,710	-	(3,363,350)	(18,296)	14,709,340
Derivative liabilities									
Equity and commodity related contracts	(83,393)	457,440	77,240	-	(36,870)	-	(468,330)	-	(53,913)
Total Level 3 financial liabilities	(83,393)	457,440	77,240	-	(36,870)	-	(468,330)	-	(53,913)
Total net Level 3 financial assets/(liabilities)	12,834,434	914,217	215,291	260,621	4,280,840	-	(3,831,680)	(18,296)	14,655,427

* Included within 'Other operating income' and '(Allowances for)/writeback of 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 2021.

(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.

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55. 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
2021					
Financial assets					
Deposits and placements with financial institutions	–	16,037,048	–	16,037,048	16,037,048
Financial investments at amortised cost	–	50,641,928	9,578,313	60,220,241	60,532,190
Loans, advances and financing to financial institutions	–	–	939,410	939,410	939,410
Loans, advances and financing to customers	–	204,501,309	336,719,198	541,220,507	519,169,975
Financial liabilities					
Customers' funding:					
– Deposits from customers	–	589,476,230	–	589,476,230	588,967,633
– Investment accounts of customers [^]	–	28,721,089	–	28,721,089	28,720,799
Deposits and placements from financial institutions	–	36,638,430	–	36,638,430	36,583,073
Borrowings	–	30,262,626	5,749,341	36,011,967	35,548,352
Subordinated obligations	–	10,106,773	–	10,106,773	10,239,277
Capital securities	–	2,823,204	–	2,823,204	2,827,832
2020					
Financial assets					
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
Financial liabilities					
Customers' funding:					
– Deposits from customers	–	558,089,672	–	558,089,672	556,349,372
– Investment accounts of customers [^]	–	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

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

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55. 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
2021					
Financial assets					
Deposits and placements with financial institutions	-	31,482,634	-	31,482,634	31,482,634
Financial investments at amortised cost	-	34,377,146	7,263,904	41,641,050	41,574,896
Loans, advances and financing to financial institutions	-	-	30,263,861	30,263,861	30,263,861
Loans, advances and financing to customers	-	106,141,064	92,331,411	198,472,475	190,542,678
Financial liabilities					
Deposits from customers	-	276,697,899	-	276,697,899	276,558,866
Deposits and placements from financial institutions	-	41,618,235	-	41,618,235	41,567,510
Borrowings	-	28,706,858	-	28,706,858	28,289,884
Subordinated obligations	-	9,680,455	-	9,680,455	9,827,722
Capital securities	-	2,823,204	-	2,823,204	2,827,832
2020					
Financial assets					
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
Financial liabilities					
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

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) 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.

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56. 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	
2021						
Financial assets						
Derivative assets	13,303,323	(545,848)	12,757,475	(7,768,151)	(909,375)	4,079,949
Other assets:						
Amount due from brokers and clients (Note 15)	10,984,403	(8,922,959)	2,061,444	-	-	2,061,444
Financial liabilities						
Derivative liabilities	13,184,023	(545,848)	12,638,175	(7,721,054)	(1,990,691)	2,926,430
Other liabilities:						
Amount due to brokers and clients (Note 27)	15,537,564	(8,922,959)	6,614,605	-	-	6,614,605
2020						
Financial assets						
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
Financial liabilities						
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
Bank						
2021						
Financial assets						
Derivative assets	13,038,804	(540,365)	12,498,439	(7,582,576)	(795,265)	4,120,598
Financial liabilities						
Derivative liabilities	12,915,021	(540,365)	12,374,656	(7,582,576)	(1,990,691)	2,801,389
2020						
Financial assets						
Derivative assets	21,271,502	(1,557,700)	19,713,802	(10,144,636)	(1,390,485)	8,178,681
Financial liabilities						
Derivative liabilities	20,282,093	(1,557,700)	18,724,393	(10,144,636)	(3,158,327)	5,421,430

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57. CAPITAL AND OTHER COMMITMENTS

Capital expenditure approved by directors but not provided for in the financial statements amounting to:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Approved and contracted for	180,477	111,644	36,683	28,516
Approved but not contracted for	421,144	420,041	134,670	134,753
	601,621	531,685	171,353	163,269

58. 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 reviewed and approved by the Board for implementation at the beginning of each financial year 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) ("Framework") 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%. The Framework also provides guidance on 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.

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. Under the D-SIB framework, Maybank is categorised under Bucket 2 of the Higher Loss Absorbency ("HLA") requirements wherein Maybank is required to maintain an additional Common Equity Tier 1 Ratio of 1.0% on top of the regulatory minimum with effect from 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 33(b) and dividend payout is disclosed in Note 52.

59. 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.

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59. 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, 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 conduct of group-wide risk landscape survey on annual basis. 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 scenarios 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, liquidity 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 cyberattack, 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 crises, amongst others.

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59. 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.

60. 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 2021 (2020: 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 2021 (2020: 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 2021 is 9% up to less than 10% (2020: 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 2 December 2021) 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 2021 (2020: 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 2021, the Bank has declared a single-tier second interim dividend of 30.0 sen per ordinary share subsequent to financial year end, which consists of a cash portion of 22.5 sen and an electable portion of 7.5 sen per ordinary share. The electable portion can be elected to be reinvested by shareholders in new Maybank shares in accordance with the DRP.

In arriving at the capital adequacy ratios for the financial year ended 31 December 2021, the second interim dividend has not been deducted from the calculation of CET1 Capital.

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60. CAPITAL ADEQUACY (CONT'D.)

(b) The capital adequacy ratios of the Group and of the Bank (cont'd.)

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

	Group		Bank	
	2021	2020	2021	2020
CET1 Capital Ratio	16.090%	15.313%	15.462%	15.581%
Tier 1 Capital Ratio	16.810%	16.026%	16.223%	16.343%
Total Capital Ratio	19.518%	18.683%	18.785%	18.639%

(c) Components of capital:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CET1 Capital				
Share capital	53,156,473	48,280,355	53,156,473	48,280,355
Retained profits ¹	22,116,695	22,447,018	15,237,128	16,811,402
Other reserves ¹	2,375,413	5,473,660	4,144,604	6,201,908
Qualifying non-controlling interests	114,198	115,096	-	-
CET1 Capital before regulatory adjustments	77,762,779	76,316,129	72,538,205	71,293,665
Less: Regulatory adjustments applied on CET1 Capital	(12,682,495)	(14,517,207)	(35,974,034)	(34,477,624)
Deferred tax assets	(1,411,183)	(722,391)	(468,101)	-
Goodwill	(5,613,782)	(5,536,309)	(81,015)	(81,015)
Other intangibles	(894,736)	(955,439)	(325,666)	(306,645)
Gain on financial instruments classified as 'fair value through other comprehensive income'	(371,487)	(1,922,600)	(301,887)	(1,279,711)
Regulatory reserve	(1,315,261)	(2,115,455)	(1,180,201)	(1,495,500)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ²	(3,076,046)	(3,265,013)	(33,617,164)	(31,314,753)
Total CET1 Capital	65,080,284	61,798,922	36,564,171	36,816,041
Additional Tier 1 Capital				
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	113,077	78,005	-	-
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	(1,000,000)	(1,000,000)
Total Tier 1 Capital	67,993,361	64,676,927	38,364,171	38,616,041
Tier 2 Capital				
Subordinated obligations	9,700,000	8,707,823	9,700,000	8,707,823
Qualifying CET1, Additional Tier 1 and Tier 2 Capital instruments held by third parties	41,180	41,209	-	-
General provisions ³	239,683	332,053	28,571	69,408
Surplus of total eligible provision over total expected loss	1,663,655	1,640,773	1,025,761	989,825
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(691,000)	-	(4,696,676)	(4,341,683)
Total Tier 2 Capital	10,953,518	10,721,858	6,057,656	5,425,373
Total Capital	78,946,879	75,398,785	44,421,827	44,041,414

¹ 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.

² 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.

³ 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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60. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Standardised Approach exposure	52,579,597	53,316,271	21,873,056	23,834,870
Internal Ratings-Based Approach exposure after scaling factor	277,275,891	273,462,139	170,960,253	164,970,850
Total RWA for credit risk	329,855,488	326,778,410	192,833,309	188,805,720
Total RWA for market risk	30,188,261	33,242,608	22,637,025	25,137,353
Total RWA for operational risk	44,431,300	43,557,083	21,010,913	22,345,775
Total RWA	404,475,049	403,578,101	236,481,247	236,288,848

(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
2021				
CET1 Capital Ratio	15.981%	26.457%	–	13.338%
Tier 1 Capital Ratio	17.173%	26.457%	–	13.338%
Total Capital Ratio	20.077%	28.325%	26.917%	17.298%
2020				
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%

(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
2021				
Standardised Approach exposure	2,192,197	692,518	24,313,438	15,833,548
Internal Ratings-Based Approach exposure after scaling factor	83,621,226	–	–	26,226,433
Credit valuation adjustment	–	–	–	40,677
Total RWA for credit risk	85,813,423	692,518	24,313,438	42,100,658
Total RWA for credit risk absorbed by Maybank and Investment Account Holders*	(12,759,358)	–	–	–
Total RWA for market risk	1,316,769	956,325	794,836	11,139
Total RWA for operational risk	9,507,656	977,452	5,714,900	3,580,829
Total RWA	83,878,490	2,626,295	30,823,174	45,692,626
2020				
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*	(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

* 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.

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61. 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

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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61. SEGMENT INFORMATION (CONT'D.)

(i) By business segments (cont'd.)

Group 2021	Business Segments						Total RM'000
	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	Group Head Office and Others RM'000	
Net interest income and income from IBS operations:							
– External	7,031,576	4,152,026	316,385	202	1,317,978	(784,122)	12,034,045
– Inter-segment	–	–	(11,566)	2,202	57,967	(48,603)	–
	7,031,576	4,152,026	304,819	2,404	1,375,945	(832,725)	12,034,045
Net interest income	7,031,576	4,152,026	304,819	2,404	1,375,945	(832,725)	12,034,045
Income from IBS operations	4,235,520	1,980,925	55,849	–	–	1,300,305	7,572,599
Net earned insurance premiums	–	–	–	–	8,846,782	–	8,846,782
Other operating income/(loss)	2,785,640	2,039,806	1,194,658	117,414	(562,373)	(1,104,475)	4,470,670
Total operating income/(loss)	14,052,736	8,172,757	1,555,326	119,818	9,660,354	(636,895)	32,924,096
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	–	–	–	–	(7,752,187)	276,488	(7,475,699)
Net operating income/(loss)	14,052,736	8,172,757	1,555,326	119,818	1,908,167	(360,407)	25,448,397
Overhead expenses	(7,461,089)	(1,914,936)	(989,386)	(146,036)	(1,007,092)	–	(11,518,539)
Operating profit/(loss) before impairment losses	6,591,647	6,257,821	565,940	(26,218)	901,075	(360,407)	13,929,858
Allowances for impairment losses on loans, advances, financing and other debts, net	(839,549)	(1,809,672)	(5,514)	(69)	(3,737)	–	(2,658,541)
(Allowances for)/writeback of impairment losses on financial investments, net	–	(598,602)	–	–	304	–	(598,298)
Writeback of/(allowances for) impairment losses on other financial assets and goodwill, net	725	37,700	(25,179)	(20,168)	34,315	–	27,393
Operating profit/(loss)	5,752,823	3,887,247	535,247	(46,455)	931,957	(360,407)	10,700,412
Share of profits/(losses) in associates and joint ventures	–	183,441	2,742	–	–	–	186,183
Profit/(loss) before taxation and zakat	5,752,823	4,070,688	537,989	(46,455)	931,957	(360,407)	10,886,595
Taxation and zakat	–	–	–	–	–	–	(2,565,080)
Profit after taxation and zakat	–	–	–	–	–	–	8,321,515
Non-controlling interests	–	–	–	–	–	–	(225,286)
Profit for the financial year attributable to equity holders of the Bank	–	–	–	–	–	–	8,096,229
Included in other operating income are:							
Fee income:							
Commission	1,262,826	100,733	92,537	47,637	–	(162,026)	1,341,707
Service charges and fees	883,241	314,214	274,845	147,088	52,900	(134,727)	1,537,561
Underwriting fees	–	10,367	41,816	–	–	–	52,183
Brokerage income	–	–	496,111	–	–	–	496,111
Fees on loans, advances and financing	68,298	147,885	1,617	–	–	(7,173)	210,627
Fee income from IBS operations	312,956	130,151	53,871	–	–	7,481	504,459
Included in overhead expenses are:							
Depreciation of property, plant and equipment	(194,237)	(49,198)	(33,419)	(499)	(22,633)	–	(299,986)
Depreciation of right-of-use assets	(274,760)	(98,194)	(49,559)	(3,909)	(22,142)	–	(448,564)
Amortisation of intangible assets	(194,161)	(52,542)	(5,418)	–	(30,603)	–	(282,724)

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61. SEGMENT INFORMATION (CONT'D.)

(i) By business segments (cont'd.)

Group 2020	Business Segments						Total RM'000
	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	Group 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)	(1,007,286)	(110,163)	(944,297)	–	(11,221,906)
Operating profit/(loss) before impairment losses	5,653,894	6,847,116	520,827	33,715	1,037,268	(551,500)	13,541,320
Allowances for 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 and goodwill, net	(62)	(31,575)	(15,635)	(4)	(33,736)	–	(81,012)
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
Profit/(loss) before taxation and zakat	3,667,017	4,007,952	503,723	33,711	996,053	(551,500)	8,656,956
Taxation and zakat	–	–	–	–	–	–	(1,937,877)
Profit after taxation and zakat	–	–	–	–	–	–	6,719,079
Non-controlling interests	–	–	–	–	–	–	(237,860)
Profit for the financial year attributable to equity holders of the Bank	–	–	–	–	–	–	6,481,219
Included in other operating income are:							
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
Included in overhead expenses are:							
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)

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61. 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
31 December 2021			
Malaysia	34,746,538	23,473,157	13,921,386
Singapore	9,186,422	4,088,024	1,834,771
Indonesia	3,773,794	2,643,873	505,481
Others	6,272,106	1,483,169	(591,015)
	53,978,860	31,688,223	15,670,623
Elimination*	(8,019,470)	(6,239,826)	(4,784,028)
Group	45,959,390	25,448,397	10,886,595
31 December 2020			
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
	58,130,032	29,985,043	12,637,531
Elimination*	(7,099,067)	(5,221,817)	(3,980,575)
Group	51,030,965	24,763,226	8,656,956

* 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 ¹		Current assets ²	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	9,310,431	9,327,742	577,263,152	563,867,090
Singapore	1,122,931	1,173,454	243,621,050	250,994,782
Indonesia	192,254	229,572	48,595,373	48,868,316
Others	400,463	355,145	97,530,995	83,779,476
	11,026,079	11,085,913	967,010,570	947,509,664
Elimination ³	(67,017)	(43,561)	(89,797,239)	(101,692,502)
Group	10,959,062	11,042,352	877,213,331	845,817,162

¹ Non-current assets consist of investment properties, property, plant and equipment, right-of-use assets and intangible assets.

² Current assets are total assets excluding non-current assets as mentioned above.

³ Inter-segment balances are eliminated on consolidation.

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62. SIGNIFICANT AND SUBSEQUENT EVENTS

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 2022 to 24 February 2022.

The following are the significant events of the Group and of the Bank during the financial year ended 31 December 2021:

(a) Upsizing of the Sukuk Programme from up to RM10.0 billion to up to RM30.0 billion in nominal value (“Sukuk Programme”), revision of terms of the Sukuk Programme and Issuance of Tier 2 Subordinated Sukuk Murabahah of RM3.0 billion in nominal value (“RM3.0 billion Subordinated Sukuk Murabahah”) under the Sukuk Programme

Maybank had on 6 April 2021 obtained the approval from BNM for the upsizing of the Sukuk Programme from up to RM10.0 billion in nominal value to up to RM30.0 billion in nominal value and revised certain terms and conditions of the Sukuk Programme mainly to:

- (1) reflect the amendments consequential to the Upsizing of the Sukuk Programme;
- (2) update the references to the latest version of the relevant guidelines; and
- (3) incorporate relevant updates introduced under the relevant guidelines, which include the incorporation of an additional enforcement event for each of the Subordinated Sukuk Murabahah and the AT1 Sukuk Mudharabah to comply with the requirements under the Securities Commission Malaysia’s (“SC”) Guidelines on Trust Deeds revised on 23 July 2020.

On 5 August 2021, the Bank has completed the issuance of RM3.0 billion Subordinated Sukuk Murabahah under the upsized Sukuk Programme. Details of the issuance are as follows:

Maturity Date	Nominal Value	Description	Tenor
5 August 2031	RM 3.0 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5)	10 years

(b) Redemption of USD500 million Tier 2 Fixed Rate Subordinated Notes pursuant to the RM15.0 billion Multicurrency Medium Term Note Programme by the Bank

On 29 October 2021, the Bank fully redeemed the USD500 million Tier 2 Fixed Rate Subordinated Notes. USD500 million Tier 2 Fixed Rate Subordinated Notes was issued on 29 April 2016.

63. 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 Funds		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating revenue	4,626,482	6,027,996	1,679,970	2,116,994	1,377,052	1,455,356	1,887,088	1,846,882	9,570,592	11,447,228
Interest income	569,689	496,801	467,072	448,186	84,670	72,285	268,722	246,174	1,390,153	1,263,446
Interest expense	-	-	-	-	-	-	(14,208)	(3,045)	(14,208)	(3,045)
Net interest income	569,689	496,801	467,072	448,186	84,670	72,285	254,514	243,129	1,375,945	1,260,401
Net earned insurance premiums	4,396,822	5,350,500	1,553,439	1,334,696	1,302,694	1,355,587	1,593,827	1,418,073	8,846,782	9,458,856
Other operating income	(305,741)	203,066	(323,115)	374,353	(4,766)	40,419	71,249	202,748	(562,373)	820,586
Total operating income	4,660,770	6,050,367	1,697,396	2,157,235	1,382,598	1,468,291	1,919,590	1,863,950	9,660,354	11,539,843
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(4,429,287)	(5,816,277)	(1,679,479)	(2,120,702)	(1,388,360)	(1,470,906)	(255,061)	(151,738)	(7,752,187)	(9,559,623)
Net operating income	231,483	234,090	17,917	36,533	(5,762)	(2,615)	1,664,529	1,712,212	1,908,167	1,980,220
Overhead expenses	(235,772)	(230,187)	(26,284)	(32,476)	(521)	(268)	(736,550)	(687,461)	(999,127)	(950,392)
Operating (loss)/profit before impairment losses	(4,289)	3,903	(8,367)	4,057	(6,283)	(2,883)	927,979	1,024,751	909,040	1,029,828
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	181	(104)	(22)	-	(923)	2,689	(2,973)	(8,777)	(3,737)	(6,192)
Writeback of/(allowances for) impairment losses on financial investments, net	44	(1,174)	-	-	-	-	260	(113)	304	(1,287)
Writeback of/(allowances for) impairment losses on other financial assets and goodwill, net	4,064	(2,625)	8,389	(4,057)	7,206	194	14,656	(27,248)	34,315	(33,736)
Profit before taxation and zakat	-	-	-	-	-	-	939,922	988,613	939,922	988,613
Taxation and zakat	-	-	-	-	-	-	(268,356)	(278,647)	(268,356)	(278,647)
Profit for the financial year	-	-	-	-	-	-	671,566	709,966	671,566	709,966

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

63. INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

(b) Statement of financial position

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Funds		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets										
Cash and short-term funds	720,239	722,325	11,182	5,783	2,098	38,477	285,153	252,170	1,018,672	1,018,755
Deposits and placements with financial institutions	860,786	1,896,199	1,488,316	2,811,690	280,550	969,131	1,737,626	1,829,400	4,367,278	7,506,420
Financial assets designated upon initial recognition at fair value through profit or loss	6,584,696	6,719,541	5,485,382	5,910,702	19,603	20,424	1,012,445	1,166,021	13,102,126	13,816,688
Financial investments at fair value through profit or loss	5,947,539	4,860,250	602,117	540,374	135,020	28,190	546,044	569,661	7,230,720	5,998,475
Financial investments at fair value through other comprehensive income	7,098,080	4,054,891	4,557,130	3,059,659	2,093,611	1,227,357	4,723,167	3,960,583	18,471,988	12,302,490
Financial investments at amortised cost	-	-	-	-	-	-	13,296	11,751	13,296	11,751
Loans, advances and financing	268,698	261,372	-	-	-	-	93,457	88,900	362,155	350,272
Derivative assets	35,094	140,502	-	-	-	-	871	12,037	35,965	152,539
Reinsurance/retakaful assets and other insurance receivables	1,531,147	541,915	440,495	316,950	971,460	356,542	4,572,762	4,563,174	7,515,864	5,778,581
Other assets	141,478	82,112	25,505	27,314	3,640	4,400	670,006	530,815	840,629	644,641
Investment properties	807,730	796,250	-	-	-	-	162,459	140,180	970,189	936,430
Statutory deposits with central banks	-	-	-	-	-	-	5,841	5,624	5,841	5,624
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	94,159	91,931	-	-	-	-	62,855	64,292	157,014	156,223
Right-of-use assets	124	86	-	-	-	-	40,850	24,923	40,974	25,009
Intangible assets	56,141	50,920	-	-	-	-	103,952	59,268	160,093	110,188
Deferred tax assets	2,782	3,438	5,361	3,746	8,292	4,572	77,760	56,789	94,195	68,545
Total assets	24,148,693	20,221,732	12,615,488	12,676,218	3,514,274	2,649,093	14,108,696	13,335,740	54,387,151	48,882,783
Liabilities										
Derivative liabilities	12,312	3,473	-	-	-	-	9,451	-	21,763	3,473
Insurance/takaful contract liabilities and other insurance payables	21,025,536	17,670,026	12,246,764	11,984,943	2,947,816	2,238,292	5,873,499	5,801,504	42,093,615	37,694,765
Other liabilities*	3,038,195	2,501,180	347,600	636,813	562,920	397,599	(916,048)	(430,416)	3,032,667	3,105,176
Provision for taxation and zakat	15,637	(32,868)	83	(938)	-	-	29,667	93,264	45,387	59,458
Deferred tax liabilities	57,013	79,921	21,041	55,400	3,538	13,202	311,332	338,858	392,924	487,381
Subordinated obligations	-	-	-	-	-	-	1,009,848	-	1,009,848	-
Total liabilities	24,148,693	20,221,732	12,615,488	12,676,218	3,514,274	2,649,093	6,317,749	5,803,210	46,596,204	41,350,253
Equity attributable to equity holders of the Subsidiaries										
Share capital	-	-	-	-	-	-	660,865	660,865	660,865	660,865
Other reserves	-	-	-	-	-	-	7,130,082	6,871,665	7,130,082	6,871,665
	-	-	-	-	-	-	7,790,947	7,532,530	7,790,947	7,532,530
Total liabilities and shareholders' equity	24,148,693	20,221,732	12,615,488	12,676,218	3,514,274	2,649,093	14,108,696	13,335,740	54,387,151	48,882,783

* 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.

NOTES TO THE FINANCIAL STATEMENTS

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”)

(a) Statement of financial position

Group	Note	2021 RM'000	2020 RM'000
Assets			
Cash and short-term funds	(f)	12,127,687	9,919,980
Deposits and placements with financial institutions	(g)	3,000,157	–
Financial assets purchased under resale agreements	(h)	10,420,749	3,625,611
Financial investments at fair value through profit or loss	(i)	784,302	–
Financial investments at fair value through other comprehensive income	(j)	15,082,779	18,453,139
Financial investments at amortised cost	(k)	22,867,781	16,381,007
Financing and advances	(l)	192,465,717	203,666,875
Derivative assets	(m)	117,420	385,303
Other assets	(n)	5,710,586	3,459,012
Statutory deposits with central banks	(o)	20,447	12,591
Property, plant and equipment	(p)	546	979
Right-of-use assets	(q)	6,126	9,901
Deferred tax assets	(r)	190,616	–
Total assets		262,794,913	255,914,398
Liabilities			
Customers' funding:			
– Deposits from customers	(s)	179,514,915	165,268,243
– Investment accounts of customers ¹	(t)	28,720,799	23,840,796
Deposits and placements from financial institutions	(u)	24,170,127	38,770,852
Bills and acceptances payable		19,561	38,086
Derivative liabilities	(m)	177,545	656,302
Other liabilities	(v)	2,189,975	783,382
Deferred tax liabilities	(r)	–	449,812
Provision for taxation and zakat	(w)	38,799	21,256
Term funding	(x)	10,923,177	10,895,058
Subordinated sukuk	(y)	2,021,814	2,028,303
Capital securities	(z)	1,002,441	1,002,441
Total liabilities		248,779,153	243,754,531
Islamic Banking Capital Funds			
Islamic Banking Funds	(d)	10,327,374	7,934,444
Retained profits	(d)	3,488,469	2,983,827
Other reserves		199,917	1,241,596
		14,015,760	12,159,867
Total liabilities and Islamic Banking Capital Funds		262,794,913	255,914,398
Restricted investment accounts managed by the Group	(t)	30,147,795	–
TOTAL ISLAMIC BANKING ASSETS OWNED AND MANAGED BY THE GROUP		292,942,708	255,914,398
Commitments and contingencies	(aj)	83,982,957	76,524,814

¹ Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(b) Income statement

Group	Note	2021 RM'000	2020 RM'000
Income derived from investment of depositors' funds	(aa)	8,811,464	8,577,690
Income derived from investment of investment account funds	(ab)	951,680	1,008,062
Income derived from investment of Islamic Banking Funds	(ac)	557,760	468,227
Allowances for impairment losses on financing and advances, net	(ad)	(524,946)	(929,159)
Writeback of/(allowances for) impairment losses on financial investments, net	(ae)	241,111	(253,252)
Allowances for impairment losses on other financial assets, net	(af)	(5,629)	(1,452)
Total distributable income		10,031,440	8,870,116
Profit share income from investment account		85	-
Profit distributed to depositors	(ag)	(3,472,050)	(4,610,219)
Profit distributed to investment account holders		(289,503)	(370,986)
Total net income		6,269,972	3,888,911
Finance cost		(409,401)	(482,323)
Overhead expenses	(ah)	(1,691,269)	(1,629,392)
Profit before taxation and zakat		4,169,302	1,777,196
Taxation	(ai)	(1,011,858)	(454,140)
Zakat		(26,591)	(14,673)
Profit for the financial year		3,130,853	1,308,383

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	2021 RM'000	2020 RM'000
Income derived from investment of depositors' funds	8,811,464	8,577,690
Income derived from investment of investment account funds	951,680	1,008,062
Income derived from investment of Islamic Banking Funds	557,760	468,227
Total income before allowances for impairment losses on financial assets and overhead expenses	10,320,904	10,053,979
Profit share income from investment account	85	-
Profit distributed to depositors	(3,472,050)	(4,610,219)
Profit distributed to investment account holders	(289,503)	(370,986)
Finance cost	6,559,436	5,072,774
Net of intercompany income and expenses	(409,401)	(482,323)
	1,422,564	1,545,131
Income from Islamic Banking Scheme operations reported in the income statement of the Group	7,572,599	6,135,582

(c) Statement of comprehensive income

Group	2021 RM'000	2020 RM'000
Profit for the financial year	3,130,853	1,308,383
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net (loss)/gain on foreign exchange translation	(451)	321
Net (loss)/gain on financial investments at fair value through other comprehensive income	(567,768)	306,702
– Net (loss)/gain from change in fair value	(744,977)	399,934
– Changes in expected credit losses	(1,585)	2,752
– Income tax effect	178,794	(95,984)
	(568,219)	307,023
Other comprehensive (loss)/income for the financial year, net of tax	(568,219)	307,023
Total comprehensive income for the financial year	2,562,634	1,615,406

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Statement of changes in Islamic Banking Capital Funds

Group As at 31 December 2021	Non-distributable						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	Distributable Retained Profits RM'000	
At 1 January 2021	7,934,444	594,474	645,022	403	1,697	2,983,827	12,159,867
Profit for the financial year	-	-	-	-	-	3,130,853	3,130,853
Other comprehensive loss	-	-	(567,768)	(451)	-	-	(568,219)
Net loss on foreign exchange translation	-	-	-	(451)	-	-	(451)
Net loss on financial investments at fair value through other comprehensive income	-	-	(567,768)	-	-	-	(567,768)
Total comprehensive (loss)/income for the financial year	-	-	(567,768)	(451)	-	3,130,853	2,562,634
Transfer from regulatory reserve	-	(473,460)	-	-	-	473,460	-
Issue of ordinary shares	2,392,930	-	-	-	-	-	2,392,930
Dividends paid	-	-	-	-	-	(3,099,671)	(3,099,671)
At 31 December 2021	10,327,374	121,014	77,254	(48)	1,697	3,488,469	14,015,760

Group As at 31 December 2020	Non-distributable						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	Distributable Retained Profits RM'000	
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
Total comprehensive income for the financial year	-	-	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)
At 31 December 2020	7,934,444	594,474	645,022	403	1,697	2,983,827	12,159,867

* 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(e) Statement of cash flows

Group	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	4,169,302	1,777,196
Adjustments for:		
Allowances for impairment losses on financing and advances, net	599,124	1,019,481
(Writeback of)/allowances for impairment losses on financial investments, net	(241,111)	253,252
Allowances for impairment losses on other financial assets, net	5,629	1,452
Amortisation of premiums, net	55,478	31,983
Modification loss on contractual cash flows arising from financial assets	106,838	240,920
Unrealised (gain)/loss on revaluation of derivatives	(1,456)	15,203
Unrealised (gain)/loss on revaluation of financial investments at fair value through profit or loss	(1,417)	674
Net gain on disposal of financial investments at fair value through profit or loss	(3,896)	(9,184)
Net gain on disposal of financial investments through other comprehensive income	(73,199)	(101,270)
Net gain on redemption of financial investments at amortised cost	(889)	-
Loss/(gain) on foreign exchange transactions	11,245	(97,843)
Depreciation of property, plant and equipment	446	505
Depreciation of right-of-use assets	2,503	3,129
ESGP expenses	2,903	2,066
Finance cost	409,401	482,323
Finance cost on lease liabilities	297	398
Operating profit before working capital changes	5,041,198	3,620,285
Change in deposits and placements with financial institutions	(3,000,157)	-
Change in financial assets purchased under resale agreements	(6,800,767)	(3,627,063)
Change in financing and advances	(14,329,659)	(15,156,087)
Change in derivative assets and liabilities	(209,418)	234,536
Change in other assets	(2,665,862)	1,115,855
Change in statutory deposits with central banks	(7,856)	4,229,446
Change in deposits from customers	14,246,672	4,229,106
Change in deposits and placements from financial institutions	15,299,990	41,051
Change in investment accounts of customers	5,515,840	3,103,126
Change in bills and acceptances payable	(18,525)	(99,807)
Change in financial investments portfolio	9,705,181	(9,267,740)
Change in other liabilities	1,406,236	192,593
Cash used in operations	4,372,511	(11,384,699)
Taxes and zakat paid	(1,067,434)	(214,102)
Net cash generated from/(used in) operating activities	3,305,077	(11,598,801)
Cash flows from investing activities		
Purchase of property, plant and equipment	(15)	(3)
Net cash used in investing activities	(15)	(3)
Cash flows from financing activities		
Dividends paid	(3,099,671)	(1,464,091)
Dividends paid for subordinated sukuk	(82,647)	(91,759)
Dividends paid for term funding	(253,354)	(453,790)
Dividends paid for capital securities	(49,500)	(49,364)
Proceeds from issuance of ordinary shares	2,392,930	732,046
(Repayment)/drawdown of term funding	(2,270)	1,115,919
Repayment of lease liability	(2,843)	(2,728)
Net cash used in financing activities	(1,097,355)	(213,767)
Net increase/(decrease) in cash and cash equivalents	2,207,707	(11,812,571)
Cash and cash equivalents at 1 January	9,919,980	21,732,551
Cash and cash equivalents at 31 December	12,127,687	9,919,980
Cash and cash equivalents comprise:		
Cash and short-term funds	12,127,687	9,919,980

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(f) Cash and short-term funds

Group	2021 RM'000	2020 RM'000
Cash, bank balances and deposits with financial institutions	3,962	29,507
Money at call	12,123,725	9,890,473
	12,127,687	9,919,980

(g) Deposits and placements with financial institutions

Group	2021 RM'000	2020 RM'000
Licensed banks	3,000,157	-

(h) Financial assets purchased under resale agreements

Group	Note	2021 RM'000	2020 RM'000
Malaysian Government Investment Issues		9,662,381	3,627,063
Corporate Bonds and Sukuk		765,449	-
		10,427,830	3,627,063
Allowances for impairment losses	(i)	(7,081)	(1,452)
		10,420,749	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 2021

Changes in the financial assets purchased under resale agreement that contributed to changes in the loss allowances during the financial year ended 31 December 2021 was 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
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2021	1,452	-	-	1,452
New financial assets originated or purchased	7,081	-	-	7,081
Financial assets derecognised	(1,452)	-	-	(1,452)
At 31 December 2021	7,081	-	-	7,081

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 was 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
	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

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31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financial investments at fair value through profit or loss

Group	2021 RM'000	2020 RM'000
At fair value		
Money market instruments:		
Malaysian Government Treasury Bills	659,118	-
Unquoted securities:		
Outside Malaysia:		
Corporate Sukuk	125,184	-
Total financial investments at FVTPL	784,302	-

(j) Financial investments at fair value through other comprehensive income

Group	Note	2021 RM'000	2020 RM'000
At fair value			
Money market instruments:			
Malaysian Government Investment Issues	(i)	10,848,583	13,473,916
Khazanah Sukuk		29,614	29,032
		10,878,197	13,502,948
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(ii)	3,274,997	4,147,084
Government Sukuk		-	41,892
Equity		1,250	1,250
		3,276,247	4,190,226
Outside Malaysia:			
Corporate Sukuk		928,335	759,965
Total financial investments at FVOCI		15,082,779	18,453,139

- (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 SRA balance amounting to RM10.0 million for the Group (2020: RM5.0 million).
- (ii) As at 31 December 2021, the Corporate Sukuk funded by RPSIA amounting to RM343.8 million was recorded off-balance sheet under the operations of IBS, upon revision in the agreement between Maybank Islamic Berhad ("MIB") with the Bank and with the third party on the timing of cash flow remittance received from the financial investments to the investment account holders.
- (iii) The maturity profile of money market instruments are as follows:

	2021 RM'000	2020 RM'000
Within one year	584,570	158,839
One year to three years	3,880,036	5,251,253
Three years to five years	1,501,305	1,538,523
After five years	4,912,286	6,554,333
	10,878,197	13,502,948

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(j) Financial investments at fair value through other comprehensive income (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:

As at 31 December 2021

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 2021 were mainly due to the following:

- The overall decrease in the gross carrying amount of financial investments at FVOCI was mainly contributed by Malaysian Government Investment Issues which did not attract loss allowances.
- The increase in the gross carrying amount of Foreign Corporate Sukuk was due to new financial assets purchased during the year which correspondingly increased the ECL allowances.

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 2021	2,812	551	-	3,363
Transferred to Stage 1	551	(551)	-	-
Net remeasurement of allowances	(114)	-	-	(114)
New financial assets originated or purchased	2,923	-	-	2,923
Financial assets derecognised	(2,649)	-	-	(2,649)
Changes in models/risk parameters	31	-	-	31
Exchange differences	78	-	-	78
At 31 December 2021	3,632	-	-	3,632

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

**NOTES TO THE
FINANCIAL STATEMENTS**
31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(k) Financial investments at amortised cost

Group	Note	2021 RM'000	2020 RM'000
At amortised cost			
Money market instruments:			
Malaysian Government Investment Issues	(i)	11,246,266	4,588,339
Khazanah Sukuk		826,400	932,288
		12,072,666	5,520,627
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(ii)	10,823,470	11,130,024
Allowances for impairment losses	(iv)	(28,355)	(269,644)
Total financial investments at amortised cost		22,867,781	16,381,007

(i) Included in the financial investments at amortised cost are Malaysian Government Investment Issues which has been recognised as part of SRA balance amounting to RM2,840.0 million for the Group (2020: RM2,845.0 million).

(ii) As at 31 December 2020, included in the financial investments at amortised cost are Corporate Sukuk funded by RPSIA amounting to RM2,884.2 million.

Effective 31 December 2021, the Corporate Sukuk funded by RPSIA amounting to RM4,984.0 million was recorded off-balance sheet under the operations of IBS, upon the revision in the agreement between MIB with the Bank on the timing of cash flow remittance received from the financial investment to the investment account holders.

(iii) The maturity profile of money market instruments are as follows:

	2021 RM'000	2020 RM'000
Within one year	582,677	129,399
One year to three years	1,123,916	1,072,518
Three years to five years	-	618,567
After five years	10,366,073	3,700,143
	12,072,666	5,520,627

(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 2021

Changes in the financial investments at amortised cost that contributed to the changes in the loss allowances during the financial year ended 31 December 2021 were mainly due to the following:

- The overall increase in the gross carrying amount of financial investments at amortised cost was contributed by Malaysian Government Investment Issues which did not attract loss allowances.
- The decrease in the gross carrying amount of Corporate Sukuk was due to derecognition of financial assets during the financial year which correspondingly decrease ECL allowances.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(k) 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 2021 (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	
At 1 January 2021	38,379	231,265	–	269,644
Transferred to Stage 1	346	(346)	–	–
Net remeasurement of allowances	(17,119)	–	–	(17,119)
New financial assets originated or purchased	1,636	–	–	1,636
Financial assets derecognised	(1,249)	(230,919)	–	(232,168)
Changes in models/risk parameters	6,349	–	–	6,349
Exchange differences	13	–	–	13
At 31 December 2021	28,355	–	–	28,355

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
	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	38,379	231,265	–	269,644

(l) Financing and advances

Group	2021 RM'000	2020 RM'000
Financing and advances*:		
(A) Financing and advances at fair value through other comprehensive income	2,175,615	2,741,267
(B) Financing and advances at amortised cost	262,214,501	289,662,732
	264,390,116	292,403,999
Unearned income	(68,980,345)	(85,698,158)
Gross financing and advances	195,409,771	206,705,841
Allowances for financing and advances:		
– Stage 1 – 12-month ECL	(556,209)	(574,213)
– Stage 2 – Lifetime ECL not credit impaired	(1,678,410)	(1,209,931)
– Stage 3 – Lifetime ECL credit impaired	(709,435)	(1,254,822)
Net financing and advances	192,465,717	203,666,875

* As at 31 December 2020, included in the financing and advances are financial assets funded by RPSIA amounting to RM26,483.7 million. The expected credit losses relating to these financing amounting to RM446.6 million were reflected as a reduction in both financing and advances and deposits and placements of banks and other financial institutions as disclosed in Note 64(u).

Effective 31 December 2021, the financing and advances funded by RPSIA amounting to RM25,033.6 million was recorded off-balance sheet under the operations of IBS, upon revision in the agreement between MIB with the Bank and with the third party on the timing of cash flow remittance received from the financing and advances to the investment account holders.

The gross exposure of the financing funded by Investment Accounts of customers ("IA") as at 31 December 2021 was RM28,720.8 million (2020: RM23,840.8 million).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(I) Financing and advances (cont'd.)

Group	Bai ¹ RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al-Bai ("AITAB") ² RM'000	Ijarah ³ RM'000	Others RM'000	Total financing and advances RM'000
2021							
Cashline	-	6,287,366	-	-	-	-	6,287,366
Term financing:							
– Housing financing	12,828,267	81,673,329	1,719,726	-	-	602	96,221,924
– Syndicated financing	-	5,955,729	-	-	-	-	5,955,729
– Hire purchase receivables	-	11,676,586	-	36,500,533	-	-	48,177,119
– Lease receivables	-	-	-	-	815,909	-	815,909
– Other term financing	8,317,772	82,612,398	536,521	-	-	30,604	91,497,295
Trust receipts	-	132,385	-	-	-	-	132,385
Claims on customers under acceptance credits	-	5,227,288	-	-	-	-	5,227,288
Staff financing	340,773	2,357,766	7,330	156,719	-	36,492	2,899,080
Credit card receivables	-	-	-	-	-	1,355,004	1,355,004
Revolving credit	-	5,760,355	-	-	-	-	5,760,355
Share margin financing	-	55,212	-	-	-	-	55,212
Financing to:							
– Directors of the Bank	-	2,750	-	-	-	6	2,756
– Directors of subsidiaries	-	2,271	-	300	-	123	2,694
	21,486,812	201,743,435	2,263,577	36,657,552	815,909	1,422,831	264,390,116
Unearned income							(68,980,345)
Gross financing and advances ⁴							195,409,771
Allowances for financing and advances:							
– Stage 1 – 12-month ECL							(556,209)
– Stage 2 – Lifetime ECL not credit impaired							(1,678,410)
– Stage 3 – Lifetime ECL credit impaired							(709,435)
Net financing and advances							192,465,717
2020							
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 ⁵							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

¹ Bai' comprises Bai' Bithaman Ajil, Bai' Al-Inah and Bai' Al-Dayn.

² 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.

³ 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.

⁴ Included in financing and advances are the underlying assets under the IA.

⁵ Included in financing and advances are the underlying assets under the RPSIA and IA.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(I) Financing and advances (cont’d.)

(i) Financing and advances analysed by type of customers are as follows:

Group	2021 RM'000	2020 RM'000
Domestic non-banking institutions	4,102,492	4,385,735
Domestic business enterprises:		
– Small and medium enterprises	30,636,404	26,319,703
– Others	19,993,497	30,637,837
Government and statutory bodies	2,315,399	16,144,388
Individuals	136,439,893	127,787,608
Other domestic entities	75,855	33,265
Foreign entities	1,846,231	1,397,305
Gross financing and advances	195,409,771	206,705,841

(ii) Financing and advances analysed by profit rate sensitivity are as follows:

Group	2021 RM'000	2020 RM'000
Fixed rate:		
– House financing	1,618,632	1,506,079
– Hire purchase receivables	32,783,987	31,474,156
– Other financing	13,899,657	33,281,314
	48,302,276	66,261,549
Floating rate:		
– House financing	59,652,877	53,987,854
– Other financing	87,454,618	86,456,438
	147,107,495	140,444,292
Gross financing and advances	195,409,771	206,705,841

(iii) Financing and advances analysed by economic purpose are as follows:

Group	2021 RM'000	2020 RM'000
Purchase of securities	25,278,402	24,118,381
Purchase of transport vehicles	43,898,276	40,840,421
Purchase of landed properties:		
– Residential	61,572,937	54,518,350
– Non-residential	16,204,503	14,667,103
Purchase of fixed assets (exclude landed properties)	177,947	148,492
Personal use	3,252,580	4,784,845
Purchase of consumer durables	520	346
Constructions	2,037,500	2,542,260
Mergers and acquisitions	500,000	–
Working capital	41,086,366	63,783,960
Credit cards	1,400,740	1,301,683
Gross financing and advances	195,409,771	206,705,841

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FINANCIAL STATEMENTS**
31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(I) Financing and advances (cont’d.)

(iv) The maturity profile of financing and advances are as follows:

Group	2021 RM'000	2020 RM'000
Within one year	23,468,423	33,131,625
One year to three years	7,961,295	8,896,910
Three years to five years	16,372,043	15,229,505
After five years	147,608,010	149,447,801
Gross financing and advances	195,409,771	206,705,841

(v) Movements in the impaired financing and advances (“impaired financing”) are as follows:

Group	2021 RM'000	2020 RM'000
At 1 January	2,452,406	3,115,266
Newly impaired	238,626	584,878
Reclassified as non-impaired	(36,215)	(485,955)
Amount recovered	(339,776)	(437,564)
Amount written off	(233,810)	(317,043)
Amount related to Restricted Investment Account	(588,475)	(7,176)
Gross impaired financing at 31 December	1,492,756	2,452,406
Less: Stage 3 – Lifetime ECL credit impaired	(709,435)	(1,254,822)
Net impaired financing at 31 December	783,321	1,197,584
<u>Calculation of ratio of net impaired financing (excluding financing funded by IA):¹</u>		
Gross impaired financing at 31 December	1,429,024	1,776,012
Less: Stage 3 – Lifetime ECL credit impaired	(709,435)	(1,254,822)
Net impaired financing at 31 December	719,589	521,190
Gross financing and advances	166,688,972	156,381,322
Less: Allowances for impaired financing and advances at amortised cost and FVOCI	(2,946,356)	(3,043,122)
Net financing and advances	163,742,616	153,338,200
Net impaired financing as a percentage of net financing and advances	0.44%	0.34%

¹ Excludes financing funded by RPSIA for the financial year ended 31 December 2020.

(vi) Impaired financing and advances by economic purpose are as follows:

Group	2021 RM'000	2020 RM'000
Purchase of securities	11,569	76,253
Purchase of transport vehicles	126,187	174,184
Purchase of landed properties:		
– Residential	291,858	381,806
– Non-residential	146,632	178,437
Purchase of fixed assets (exclude landed properties)	920	889
Personal use	39,409	49,336
Purchase of consumer durables	2	2
Constructions	25,099	50,111
Working capital	844,904	1,536,493
Credit cards	6,176	4,895
Impaired financing and advances	1,492,756	2,452,406

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(I) 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 2021

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 2021 were mainly due to the following:

- Reduction in other term financing by 23% due to financial assets funded by RPSIA is recorded off-balance sheet effective 31 December 2021 which correspondingly resulted in the decrease in ECL allowances.
- The above decrease is mitigated by the financing growth from hire purchase receivables and house financing by 7% and 4% respectively.
- The ECL for Stage 1 (12-month ECL) decreased primarily due to the improvement in macro-economic outlook and repayment behavioural trend while ECL for Stage 2 (lifetime ECL not credit impaired) increased mainly contributed by accounts under high risk industry.
- The gross carrying amount of financing and advances that was written off during the year, which is still subject to recovery activity was RM233.8 million (2020: RM317.0 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
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2021	1,662	2,494	–	4,156
Net remeasurement of allowances	133	–	–	133
New financial assets originated or purchased	47	–	–	47
Financial assets derecognised	(636)	(2,494)	–	(3,130)
Changes in models/risk parameters	1,085	–	–	1,085
Exchange differences	11	–	–	11
At 31 December 2021	2,302	–	–	2,302

At amortised cost

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 2021	574,213	1,209,931	1,254,822	3,038,966
Transferred to Stage 1	241,131	(229,027)	(12,104)	–
Transferred to Stage 2	(17,310)	45,043	(27,733)	–
Transferred to Stage 3	(5,392)	(27,532)	32,924	–
Net remeasurement of allowances	(245,822)	741,141	117,932	613,251
New financial assets originated or purchased	115,763	51,554	–	167,317
Financial assets derecognised	(42,288)	(75,656)	(24,227)	(142,171)
Changes in models/risk parameters	(44,063)	(20,640)	–	(64,703)
Amount related to Restricted Investment Accounts	(20,279)	(17,223)	(409,064)	(446,566)
Amount written off	–	–	(233,810)	(233,810)
Exchange differences	256	819	10,695	11,770
At 31 December 2021	556,209	1,678,410	709,435	2,944,054

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(I) 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 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.

At fair value through other comprehensive income

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	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
	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

NOTES TO THE FINANCIAL STATEMENTS

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(m) 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	2021			2020		
	Principal amount RM'000	Fair Values		Principal amount RM'000	Fair Values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forward:						
– Less than one year	8,617,698	26,173	(35,464)	7,302,204	16,665	(215,360)
– One year to three years	574,349	2,475	(2,475)	881,114	8,609	(8,609)
– More than three years	2,704,174	6,242	(6,242)	2,498,574	30,465	(30,465)
Currency swaps:						
– Less than one year	15,398,762	19,239	(65,804)	15,836,028	180,934	(260,507)
Currency spots:						
– Less than one year	400,910	65	(1,283)	426,413	11,262	(865)
Currency options:						
– Less than one year	7,157	38	(38)	1,161	10	(10)
Cross currency profit rate swaps:						
– Less than one year	2,114,560	7,548	(7,548)	–	–	–
– One year to three years	24,137	112	(112)	2,092,853	31,242	(31,242)
– More than three years	405,012	7,759	(7,759)	415,320	2,135	(2,135)
	30,246,759	69,651	(126,725)	29,453,667	281,322	(549,193)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
– Less than one year	490,000	4,185	(4,185)	80,340	456	(452)
– One year to three years	4,622,648	37,370	(36,085)	1,490,000	35,702	(35,702)
– More than three years	392,321	6,214	(10,550)	2,145,654	67,823	(70,955)
	5,504,969	47,769	(50,820)	3,715,994	103,981	(107,109)
Total	35,751,728	117,420	(177,545)	33,169,661	385,303	(656,302)

(n) Other assets

Group	2021 RM'000	2020 RM'000
Amount due from holding company	4,037,035	1,785,952
Prepayment and deposits	16,079	21,796
Tax recoverable	171,447	319,391
Other debtors	1,486,025	1,331,873
	5,710,586	3,459,012

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(p) 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
As at 31 December 2021				
Cost				
At 1 January 2021	1,096	139	402	1,637
Additions	2	13	-	15
Exchange differences	1	-	-	1
At 31 December 2021	1,099	152	402	1,653
Accumulated depreciation				
At 1 January 2021	506	36	116	658
Depreciation charge for the financial year (Note 64(ah))	337	30	79	446
Exchange differences	3	-	-	3
At 31 December 2021	846	66	195	1,107
Net carrying amount				
At 31 December 2021	253	86	207	546
As at 31 December 2020				
Cost				
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
Accumulated depreciation				
At 1 January 2020	120	7	34	161
Depreciation charge for the financial year (Note 64(ah))	392	30	83	505
Exchange differences	(6)	(1)	(1)	(8)
At 31 December 2020	506	36	116	658
Net carrying amount				
At 31 December 2020	590	103	286	979

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(q) Right-of-use assets

Group	Premises	
	2021 RM'000	2020 RM'000
Cost		
At 1 January	15,148	15,096
Modification	(1,793)	–
Exchange differences	(5)	52
At 31 December	13,350	15,148
Accumulated depreciation		
At 1 January	5,247	2,130
Depreciation charge for the financial year (Note 64(ah))	2,503	3,129
Modification	(527)	–
Exchange differences	1	(12)
At 31 December	7,224	5,247
Net carrying amount		
At 31 December	6,126	9,901

(r) Deferred tax

Group	2021 RM'000	2020 RM'000
At 1 January	449,812	83,002
Recognised in income statement (Note 64(ai))	(461,634)	270,826
Relating to origination and reversal of temporary differences	(35,221)	270,826
Over provision in prior year	(428,546)	–
Effect of increase in income tax rate	2,133	–
Recognised in statement of comprehensive income	(178,794)	95,984
At 31 December	(190,616)	449,812

Presented after appropriate offsetting as follows:

Group	2021 RM'000	2020 RM'000
Deferred tax assets	(213,155)	(180,238)
Deferred tax liabilities	22,539	630,050
At 31 December	(190,616)	449,812

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(r) 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	Other temporary differences RM'000	Total RM'000
As at 31 December 2021			
At 1 January 2021	(175,686)	(4,552)	(180,238)
Recognised in income statement:			
Relating to origination and reversal of temporary differences	(32,024)	(3,032)	(35,056)
Effect of increase in income tax rate	2,235	(96)	2,139
At 31 December 2021	(205,475)	(7,680)	(213,155)
As at 31 December 2020			
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)

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
As at 31 December 2021					
At 1 January 2021	201,319	21	428,546	164	630,050
Recognised in income statement:					
Relating to origination and reversal of temporary differences	-	(1)	-	(164)	(165)
Over provision in prior year	-	-	(428,546)	-	(428,546)
Effect of increase in income tax rate	-	(6)	-	-	(6)
Recognised in statement of comprehensive income	(178,794)	-	-	-	(178,794)
At 31 December 2021	22,525	14	-	-	22,539
As at 31 December 2020					
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

Deferred tax assets have not been recognised in respect of the following items:

	2021 RM'000	2020 RM'000
Unutilised tax losses	177,258	158,974

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 be utilised.

Pursuant to Finance Bill 2021, the tax losses can be utilised up to a maximum of ten consecutive years effective retrospectively from year of assessment 2019.

NOTES TO THE FINANCIAL STATEMENTS

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(s) Deposits from customers

Group	2021 RM'000	2020 RM'000
Savings deposits		
Murabahah	26,302,000	–
Qard	3,496,477	23,708,048
	29,798,477	23,708,048
Demand deposits		
Murabahah	32,042,236	–
Qard	1,362,014	26,703,462
	33,404,250	26,703,462
Term deposits		
Murabahah	115,751,729	114,498,944
Qard	560,459	357,789
	116,312,188	114,856,733
Total deposits from customers	179,514,915	165,268,243

During the financial year ended 31 December 2021, the Group changed the underlying shariah contract for deposits from customers from Qard to Murabahah for certain applicable products.

(i) The maturity profile of term deposits are as follows:

Group	2021 RM'000	2020 RM'000
Within six months	98,667,962	93,537,277
Six months to one year	17,388,379	11,127,134
One year to three years	227,460	10,167,779
Three years to five years	28,387	24,543
	116,312,188	114,856,733

(ii) The deposits are sourced from the following types of customers:

Group	2021 RM'000	2020 RM'000
Business enterprises	54,833,256	55,608,359
Individuals	51,692,158	45,188,774
Government and statutory bodies	36,389,382	32,798,930
Others	36,600,119	31,672,180
	179,514,915	165,268,243

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(t) Investment accounts

Group	2021 RM'000	2020 RM'000
Investment accounts of customers		
– Unrestricted investment accounts ¹	28,720,799	23,840,796
Restricted investment accounts managed by the Group ²	30,147,795	–

(i) Movements in the investment accounts are as follows:

Group	Unrestricted investment accounts ¹ RM'000	Restricted investment accounts RM'000	Total investment accounts of customers RM'000	Restricted investment accounts managed by the Group ² RM'000
2021				
<u>Funding inflows/(outflows)</u>				
At 1 January 2021	23,840,796	–	23,840,796	–
New placement during the financial year	42,089,839	–	42,089,839	610,725
Redemption during the financial year	(37,209,403)	–	(37,209,403)	–
Profit payable	(433)	–	(433)	25,112
Transfer from on-balance sheet (Note 64(u))	–	–	–	29,511,958
At 31 December 2021	28,720,799	–	28,720,799	30,147,795
2020				
<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	23,840,796	–	23,840,796	–

(ii) Investment accounts are sourced from the following type of customers:

Group	Unrestricted investment accounts ¹ RM'000	Restricted investment accounts managed by the Group ² RM'000
2021		
Business enterprises	16,564,421	–
Individuals	10,159,957	–
Government and statutory bodies	205,058	–
Licensed banks	–	29,511,958
Others	1,791,363	635,837
	28,720,799	30,147,795
2020		
Business enterprises	13,328,580	–
Individuals	9,200,552	–
Government and statutory bodies	112,309	–
Others	1,199,355	–
	23,840,796	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(t) Investment accounts (cont'd.)

(iii) The maturity profile of investment accounts are as follows:

Group	Unrestricted investment accounts ¹ RM'000	Restricted investment accounts managed by the Group ² RM'000
2021		
- Without maturity	23,666,368	-
- With maturity		
Within six months	3,560,977	8,099,298
Six months to one year	1,483,337	54,362
One year to three years	4,741	3,715,037
Three years to five years	5,376	18,279,098
	5,054,431	30,147,795
	28,720,799	30,147,795
2020		
- Without maturity	18,243,257	-
- With maturity		
Within six months	4,241,279	-
Six months to one year	1,342,789	-
One year to three years	9,158	-
Three years to five years	4,313	-
	5,597,539	-
	23,840,796	-

(iv) The allocation of investments asset are as follows:

Group	Unrestricted investment accounts ¹ RM'000	Restricted investment accounts managed by the Group ² RM'000
2021		
Retail financing	26,965,529	-
Non-retail financing	1,755,270	24,819,965
Corporate Sukuk	-	5,327,830
	28,720,799	30,147,795
2020		
Retail financing	22,550,499	-
Non-retail financing	1,290,297	-
	23,840,796	-

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(t) Investment accounts (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 %
2021		
Investment accounts of customers		
– Unrestricted investment accounts ¹	29.55	1.18
Restricted investment accounts managed by the Group ²	78.41	3.20
2020		
Investment accounts of customers		
– Unrestricted investment accounts	36.53	1.64
– Restricted investment accounts ³	99.95	4.03

¹ Included in the unrestricted investment accounts are funds received from the Multi-Asset Investment Account-i (“MAIA”) product of RM254.1 million which are managed by the Group. 50% of the funds are invested in the Group’s financing assets managed by a subsidiary of the Bank as part of its Islamic banking activities and are recorded as on-balance sheet. The remaining 50% of the funds are invested in marketable securities with net asset value of RM261.3 million as at 31 December 2021 managed by a subsidiary of the Bank as part of its investment management activities and are recorded as off-balance sheet.

² Included in the restricted investment accounts managed by the Group is an arrangement between MIB with the Bank and with the third party where MIB acts as an investment agent to manage and administer the restricted investment accounts amounting to RM29,512.0 million and RM635.8 million respectively. The amount of restricted investment accounts managed by MIB are disclosed net of any impairment allowances required on the underlying financial assets funded by the restricted investment accounts.

³ As at 31 December 2020, the restricted investment accounts have been fully withdrawn.

(u) Deposits and placements from financial institutions

Group	2021 RM’000	2020 RM’000
Mudharabah Fund		
Licensed banks ¹	–	28,997,440
Non-Mudharabah Fund		
Licensed banks	21,378,327	7,662,450
Licensed Islamic banks	948,712	549,213
Licensed investment banks	250,764	49,721
Other financial institutions	1,592,324	1,512,028
	24,170,127	9,773,412
	24,170,127	38,770,852

¹ As at 31 December 2020, included in the Mudharabah deposits and placements from licensed banks is the RPSIA placed by the Group’s conventional operations amounting to RM28,997.4 million. These placements are used to fund certain specific financing and advances and purchase of financial investments at amortised cost instruments. Effective 31 December 2021, the Mudharabah deposits and placements of licensed banks funded by RPSIA amounting to RM29,512.0 million were recorded off-balance sheet under the operations of IBS, upon revision in the agreement between MIB with the Bank. Details of these Mudharabah deposits and placements are disclosed in Note 64(t) under restricted investment accounts managed by the Group.

(v) Other liabilities

Group	Note	2021 RM’000	2020 RM’000
Due to holding company		671,832	463,922
Other creditors, provisions and accruals		1,457,874	224,144
Provisions for commitments and contingencies		–	47,918
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	50,720	36,341
Lease liabilities	(ii)	5,957	9,896
Structured deposits		3,592	1,161
		2,189,975	783,382

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(v) 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
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
	RM'000	RM'000	RM'000	RM'000
As at 31 December 2021				
At 1 January 2021	26,366	9,592	383	36,341
Transferred to Stage 1	76	(76)	-	-
Transferred to Stage 2	(18)	18	-	-
Transferred to Stage 3	(98)	-	98	-
Net remeasurement of allowances	(22,761)	563	1,422	(20,776)
New credit exposures originated or purchased	31,073	9,653	-	40,726
Credit exposures derecognised	(3,190)	(2,294)	(281)	(5,765)
Changes in models/risk parameters	1	(39)	-	(38)
Exchange differences	216	16	-	232
At 31 December 2021	31,665	17,433	1,622	50,720
As at 31 December 2020				
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 exposure originated or purchased	14,393	2,260	-	16,653
Credit exposure 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

(ii) The movement in lease liabilities are as follows:

Group	2021	2020
	RM'000	RM'000
At 1 January	9,896	12,228
Finance cost on lease liabilities	297	398
Lease obligation reduction	(2,843)	(2,728)
Modification	(1,394)	-
Exchange differences	1	(2)
At 31 December	5,957	9,896

(w) Provision for taxation and zakat

Group	2021	2020
	RM'000	RM'000
Taxation	10,197	5,458
Zakat	28,602	15,798
	38,799	21,256

**NOTES TO THE
FINANCIAL STATEMENTS**
31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(x) Term funding

Group	2021 RM'000	2020 RM'000
Unsecured term funding:		
(i) Commercial Papers		
– Less than one year	7,947,135	7,945,896
(ii) Medium Term Notes		
– Less than one year	2,002,762	–
– More than one year	–	2,003,222
	2,002,762	2,003,222
(iii) Term funding		
– More than one year ¹	973,280	945,940
Total term funding	10,923,177	10,895,058

¹ 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(i) 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 2021:

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 2021 are as follows:

Currency	Description	Aggregated Nominal Value (RM' million)
RM	Zero Profit ICP	8,000.0

(y) Subordinated sukuk

Group	Note	2021 RM'000	2020 RM'000
RM1,000 million Islamic subordinated Sukuk Murabahah due in 2026	(i)	–	1,017,454
RM1,000 million Islamic subordinated Sukuk Murabahah due in 2029	(ii)	1,010,849	1,010,849
RM1,000 million Islamic subordinated Sukuk Murabahah due in 2031	(iii)	1,010,965	–
		2,021,814	2,028,303

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
Maybank Islamic Berhad						
RM10.0 billion Subordinated Sukuk Murabahah Programme						
(i)	Subordinated Sukuk Murabahah ¹	15-Feb-16	15-Feb-21	13-Feb-26	4.65	RM1,000.0 million
(ii)	Subordinated Sukuk Murabahah ²	5-Apr-19	5-Apr-24	5-Apr-29	4.50	RM1,000.0 million
(iii)	Subordinated Sukuk Murabahah ²	15-Feb-21	16-Feb-26	14-Feb-31	2.90	RM1,000.0 million

¹ This subordinated sukuk was fully redeemed on the first call date.

² 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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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(z) Capital securities

Description	Issue date	First call date	Maturity date	2021 RM'000	2020 RM'000
Maybank Islamic Berhad					
<i>RM10.0 billion Additional Tier 1 Sukuk Wakalah Programme</i>					
RM1,000.0 million 4.95% Additional Tier 1 Sukuk Wakalah ¹	14-Dec-17	14-Dec-22	Perpetual	1,002,441	1,002,441

¹ The subsidiary, may redeem these capital securities, in whole or in part, on the first call date and on every periodic distribution date thereafter.

(aa) Income derived from investment of depositors' funds

Group	2021 RM'000	2020 RM'000
Income from investment of:		
(i) General investment deposits	5,708,917	5,961,250
(ii) Other deposits	3,102,547	2,616,440
	8,811,464	8,577,690

(i) Income derived from investment of general investment deposits:

Group	2021 RM'000	2020 RM'000
Finance income and hibah:		
Financing and advances (Note 64(ac)(i))	4,261,360	4,568,090
Financial assets purchased under resale agreements	53,361	3,821
Financial investments at FVOCI	388,357	410,070
Financial investments at amortised cost	552,221	398,368
Financial investments at FVTPL	3,166	2,756
Money at call and deposits and placements with financial institutions	162,844	220,898
	5,421,309	5,604,003
Amortisation of premiums, net	(33,991)	(21,210)
Total finance income and hibah	5,387,318	5,582,793
Other operating income:		
Fee income	278,693	250,131
Gain on disposal of financial investments at FVTPL	1,727	5,855
Gain on disposal of financial investments at FVOCI	44,849	67,158
Gain on redemption of financial investments at amortised cost	296	-
Unrealised gain/(loss) on revaluation of:		
- Financial investments at FVTPL	868	(447)
- Derivatives	892	(10,082)
Foreign exchange (loss)/gain, net	(6,852)	64,871
Net profit on derivatives	508	971
Others	618	-
Total other operating income	321,599	378,457
	5,708,917	5,961,250

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(aa) Income derived from investment of depositors' funds (cont'd.)

(ii) Income derived from investment of other deposits:

Group	2021 RM'000	2020 RM'000
Finance income and hibah:		
Financing and advances (Note 64(ac)(i))	2,315,575	2,004,970
Financial assets purchased under resale agreements	28,996	1,677
Financial investments at FVOCI	211,029	179,983
Financial investments at amortised cost	300,071	174,847
Financial investments at FVTPL	1,720	1,210
Money at call and deposits and placements with financial institutions	88,487	96,954
	2,945,878	2,459,641
Amortisation of premiums, net	(18,470)	(9,309)
Total finance income and hibah	2,927,408	2,450,332
Other operating income:		
Fee income	151,439	109,785
Gain on disposal of financial investments at FVTPL	939	2,570
Gain on disposal of financial investments at FVOCI	24,370	29,476
Gains on redemption of financial investments at amortised cost	545	-
Unrealised gain/(loss) on revaluation of:		
- Financial investments at FVTPL	472	(196)
- Derivatives	485	(4,425)
Foreign exchange (loss)/gain, net	(3,723)	28,472
Net profit on derivatives	276	426
Others	336	-
Total other operating income	175,139	166,108
	3,102,547	2,616,440

(ab) Income derived from investment of investment account funds

Group	2021 RM'000	2020 RM'000
Finance income and hibah:		
Financing and advances (Note 64(ac)(i))	951,347	1,007,631
Other operating income:		
Fee income	333	431
	951,680	1,008,062

NOTES TO THE FINANCIAL STATEMENTS

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(ac) Income derived from investment of Islamic Banking Funds

Group	2021 RM'000	2020 RM'000
Finance income and hibah:		
Financing and advances (Note (i))	378,996	316,514
Financial assets purchased under resale agreements	4,736	264
Financial investments at FVOCI	34,466	28,310
Financial investments at amortised cost	49,008	27,502
Financial investments at FVTPL	281	190
Money at call and deposits and placements with financial institutions	14,452	15,250
	481,939	388,030
Amortisation of premiums, net	(3,017)	(1,464)
Total finance income and hibah	478,922	386,566
Other operating income:		
Fee income	73,994	72,426
Gain on disposal of financial investments at FVTPL	1,230	759
Gain on disposal of financial investments at FVOCI	3,980	4,636
Gain on redemption of financial investments at amortised cost	48	-
Unrealised gain/(loss) on revaluation of:		
– Financial investments at FVTPL	77	(31)
– Derivatives	79	(696)
Foreign exchange (loss)/gain, net	(670)	4,500
Net profit on derivatives	45	67
Others	55	-
Total other operating income	78,838	81,661
	557,760	468,227

(i) Included the net effects under government support measures to assist customers adversely impacted by COVID-19 amounting to RM106,838,000 (2020: RM240,920,000) for the Group.

(ad) Allowances for impairment losses on financing and advances, net

Group	2021 RM'000	2020 RM'000
Stage 1 – 12-month ECL, net	(210,658)	51,185
Stage 2 – Lifetime ECL not credit impaired, net	701,788	682,235
Stage 3 – Lifetime ECL credit impaired, net	94,846	271,712
Bad debts and financing:		
– Written off	12,458	13,934
– Recovered	(74,178)	(90,322)
Allowances for impairment losses on other debts	690	415
	524,946	929,159

**NOTES TO THE
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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(ae) (Writeback of)/allowances for impairment losses on financial investments, net

Group	2021 RM'000	2020 RM'000
Financial investments at fair value through other comprehensive income		
Stage 1 – 12-month ECL, net	191	1,331
Stage 2 – Lifetime ECL not credit impaired, net	–	272
	191	1,603
Financial investments at amortised cost		
Stage 1 – 12-month ECL, net	(10,383)	22,263
Stage 2 – Lifetime ECL not credit impaired, net	(230,919)	229,386
	(241,302)	251,649
	(241,111)	253,252

(af) Allowances for impairment losses on other financial assets, net

Group	2021 RM'000	2020 RM'000
Financial assets purchased under resale agreements		
Stage 1 – 12-month ECL, net	5,629	1,452

(ag) Profit distributed to depositors

Group	2021 RM'000	2020 RM'000
Deposits from customers:		
– Non-Mudharabah Fund	2,265,905	3,500,141
Deposits and placements from financial institutions:		
– Mudharabah Fund	937,947	922,947
– Non-Mudharabah Fund	268,123	186,975
Structured deposits	75	156
	3,472,050	4,610,219

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(ah) Overhead expenses

Group	2021 RM'000	2020 RM'000
Personnel expenses:		
– Salaries and wages	41,838	35,770
– Social security cost	174	171
– Retirement cost	6,325	5,710
– ESGP expenses	2,903	2,066
– Other staff related expenses	4,191	6,046
	55,431	49,763
Establishment costs:		
– Depreciation of property, plant and equipment (Note 64(p))	446	505
– Depreciation of right-of-use assets (Note 64(q))	2,503	3,129
– Information technology expenses	4,033	4,947
– Finance cost on lease liabilities	297	398
– Others	133	19
	7,412	8,998
Marketing expenses:		
– Advertisement and publicity	10,125	12,442
– Others	235	184
	10,360	12,626
Administration and general expenses:		
– Fees and brokerage	79,349	63,381
– Administrative expenses	8,499	7,243
– General expenses	(32,521)	65,785
	55,327	136,409
Shared service cost paid/payable to Maybank and related company	1,562,739	1,421,596
Total	1,691,269	1,629,392
Included in overhead expenses are:		
Shariah Committee Members' fee and remuneration	1,028	907

(ai) Taxation

Group	2021 RM'000	2020 RM'000
Tax expense for the financial year:		
Malaysian income tax	1,044,305	205,844
Foreign income tax	–	27
Under/(over) provision in respect of prior year:		
Malaysian income tax	429,187	(22,557)
	1,473,492	183,314
Deferred tax (Note 64(r)):		
Relating to origination and reversal of temporary differences	(35,221)	270,826
Over provision in prior year	(428,546)	–
Effects of increase in income tax rate	2,133	–
	(461,634)	270,826
	1,011,858	454,140

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31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(aj) 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	2021			2020		
	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
Contingent liabilities						
Direct credit substitutes	2,845,299	2,236,690	1,589,255	2,832,337	2,786,746	2,258,338
Certain transaction-related contingent items	3,316,724	1,623,110	1,120,828	2,533,185	1,246,136	778,165
Short-term self-liquidating trade-related contingencies	500,796	102,269	39,713	162,041	34,164	15,170
	6,662,819	3,962,069	2,749,796	5,527,563	4,067,046	3,051,673
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	31,073,338	1,493,386	262,960	27,288,508	1,388,834	261,485
– Maturity exceeding one year	10,411,607	20,641,624	8,367,924	10,452,802	17,979,661	7,763,819
	41,484,945	22,135,010	8,630,884	37,741,310	19,368,495	8,025,304
Miscellaneous commitments and contingencies	83,465	–	–	86,280	–	–
Total credit-related commitments and contingencies	48,231,229	26,097,079	11,380,680	43,355,153	23,435,541	11,076,977
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	26,539,087	173,490	54,161	23,565,806	152,805	58,958
– One year to less than five years	1,577,464	87,013	34,567	3,571,063	158,246	123,372
– Five years and above	2,130,208	176,384	82,878	2,316,798	185,877	145,433
	30,246,759	436,887	171,606	29,453,667	496,928	327,763
Profit rate related contracts:						
– Less than one year	490,000	5,042	3,028	80,340	80	24
– One year to less than five years	4,714,969	82,015	61,906	3,335,654	146,381	119,953
– Five years and above	300,000	22,879	8,803	300,000	34,064	15,797
	5,504,969	109,936	73,737	3,715,994	180,525	135,774
Total treasury-related commitments and contingencies	35,751,728	546,823	245,343	33,169,661	677,453	463,537
Total commitments and contingencies	83,982,957	26,643,902	11,626,023	76,524,814	24,112,994	11,540,514

* 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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31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(ak) Capital adequacy

The capital adequacy ratios of the Group are as follows:

Group	2021	2020
CET1 Capital Ratio	16.216%	14.017%
Tier 1 Capital Ratio	17.404%	15.270%
Total Capital Ratio	20.298%	18.292%

Components of capital:

Group	2021 RM'000	2020 RM'000
CET1 Capital		
Share capital/Islamic Banking Fund	10,327,374	7,934,444
Retained profits	3,488,469	2,983,827
Other reserves	193,984	1,234,077
CET1 Capital before regulatory adjustments	14,009,827	12,152,348
Less: Regulatory adjustment applied in CET1 Capital	(359,160)	(960,375)
Total CET1 Capital	13,650,667	11,191,973
Additional Tier 1 Capital		
Capital securities	1,000,000	1,000,000
Total Tier 1 Capital	14,650,667	12,191,973
Tier 2 Capital		
Subordinated sukuk	2,000,000	2,000,000
General provisions ¹	10,735	11,523
Surplus of eligible provision over expected loss	425,171	401,538
Total Tier 2 Capital	2,435,906	2,413,061
Total Capital	17,086,573	14,605,034

¹ 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	2021 RM'000	2020 RM'000
Standardised Approach exposure	2,387,023	3,139,202
Internal Ratings-Based Approach exposure after scaling factor	83,621,226	80,460,704
Total RWA for credit risk	86,008,249	83,599,906
Total RWA for credit risk absorbed by Maybank and IAH*	(12,759,358)	(13,537,755)
Total RWA for market risk	1,316,772	1,177,966
Total RWA for operational risk	9,612,206	8,604,026
Total RWA	84,177,869	79,844,143

* 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.

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(a) 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
2021					
Financial assets					
Financial investments at amortised cost	–	19,168,086	3,542,776	22,710,862	22,867,781
Financing and advances	–	23,356,115	181,583,434	204,939,549	190,290,102
Financial liabilities					
Customers' funding:					
– Deposits from customers	–	179,515,000	–	179,515,000	179,514,915
– Investment accounts of customers [^]	–	28,721,089	–	28,721,089	28,720,799
Deposits and placements from financial institutions	–	24,178,759	–	24,178,759	24,170,127
Term funding	–	10,923,177	–	10,923,177	10,923,177
Subordinated sukuk	–	2,022,334	–	2,022,334	2,021,814
Capital securities	–	1,002,441	–	1,002,441	1,002,441
2020					
Financial assets					
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	200,925,608
Financial liabilities					
Customers' funding:					
– Deposits from customers	–	165,268,315	–	165,268,315	165,268,243
– Investment accounts of customers [^]	–	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

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 64(l).

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 55.

(am) 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.

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64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(an) 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.

The roles and responsibilities of SC in monitoring the Group’s activities include, but not limited to the following:

- (a) 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;
- (b) To provide a decision or advice on matters which require a reference to be made to the SAC;
- (c) 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;
- (d) To deliberate and affirm a Shariah non-compliance finding by any relevant functions; and
- (e) To endorse a rectification measure to address a Shariah non-compliance event.

The SC at the Group level has seven 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 to SC for Shariah non-compliance are as follows:

Group	No. of events	RM'000
2021		
Overcharging of Late Payment Charges (“LPC”)	1	– ¹
Capitalisation of accrued profit and LPC in the calculation of new profit during auto-akad renewal	1	–
	2	–

During the financial year ended 31 December 2021, an additional amount of RM61.66 has been refunded to customers in relation to finance charges/monthly profit amount exceeded the selling price prior to system enhancement completion in 2020.

Group	No. of events	RM'000
2020		
Financing of prohibited activity	1	28
Finance charges/monthly profit amount exceeded the selling price	1	– ²
Financing of Shariah non-compliant investment	1	11
	3	39

¹ Denotes RM0.18

² Denotes RM40.47

**NOTES TO THE
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31 December 2021

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(an) Shariah disclosures (cont’d.)

(ii) Shariah non-compliant events (cont’d.)

Apart from the purification of income from Shariah non-compliant events, Maybank Islamic Berhad has instituted several rectification measures relating to systems, processes and procedures to enhance control mechanisms and minimise recurrence of Shariah non-compliant incidents.

The rectification action plans are as follows:

Nature of events	Measures undertaken	Status
Overcharging of LPC	Refunded the overcharged LPC to the impacted customers, reviewed and enhanced the financing redemption calculator, and improved staff awareness via training.	Completed
Capitalisation of accrued profit and LPC in the calculation of new profit during auto-akad renewal	System enhancement to exclude the accrued profit and LPC, and to improve the process for auto-akad renewal.	In progress

(iii) Sources and uses of charity funds

Group	2021 RM'000	2020 RM'000
Sources of charity funds		
Shariah non-compliance/prohibited income	-	39
Total sources of charity funds during the financial year	-	39
Uses of charity funds		
Contribution to non-profit organisation ³	-	39
Total uses of charity funds during the financial year	-	39
Undistributed charity funds as at 31 December	-	-

³ Does not include fund refunded to customers of RM61.84 made during the year (2020: RM40.47).

(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.

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65. 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	
			2021 RM	2020 RM	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
Banking										
Maybank Islamic Berhad	Islamic banking	Malaysia	10,322,374,000	7,929,443,460	100.00	100.00	-	-	100.00	100.00
Maybank International (L) Ltd.	Offshore banking	Malaysia	3,500,000 ²	3,500,000 ²	100.00	100.00	-	-	100.00	100.00
Maybank Philippines, Incorporated ¹⁰	Banking	Philippines	10,545,500,338 ³	10,545,500,338 ³	99.98	99.98	0.02	0.02	100.00	100.00
PT Bank Maybank Indonesia Tbk ¹⁰	Banking	Indonesia	10,213,284,063,018 ¹	10,213,284,063,018 ¹	98.54 ¹⁴	98.54 ¹⁴	1.46	1.46	100.00	100.00
Maybank (Cambodia) Plc. ¹⁰	Banking	Cambodia	75,000,000 ²	75,000,000 ²	100.00	100.00	-	-	100.00	100.00
Maybank Singapore Limited ¹⁰	Banking	Singapore	2,000,000,100 ⁴	2,000,000,100 ⁴	100.00	100.00	-	-	100.00	100.00
Finance										
PT Maybank Indonesia Finance ¹⁰	Multi-financing	Indonesia	32,370,000,000 ¹	32,370,000,000 ¹	98.53 ¹⁴	98.53 ¹⁴	1.47	1.47	100.00	100.00
PT Wahana Ottomitra Multiartha Tbk ¹⁰	Multi-financing	Indonesia	508,338,022,174 ¹	508,338,022,174 ¹	67.55 ¹⁴	67.55 ¹⁴	32.45	32.45	100.00	100.00
Kim Eng Finance (Singapore) Pte. Ltd. ¹⁰	Money lending	Singapore	100,000 ⁴	100,000 ⁴	100.00	100.00	-	-	100.00	100.00
Insurance										
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 ²	3,500,000 ²	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 ²	215,500 ²	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. ¹⁰	General insurance and life insurance businesses	Philippines	1,206,511,152 ³	1,206,511,152 ³	95.24	95.24	4.76	4.76	100.00	100.00
Etiqa Insurance Pte. Ltd. ¹⁰	General insurance and life insurance businesses	Singapore	168,000,000 ⁴	168,000,000 ⁴	69.05	69.05	30.95	30.95	100.00	100.00
PT Asuransi Etiqa Internasional Indonesia ¹⁰	General insurance business	Indonesia	267,429,068,000 ¹	267,429,068,000 ¹	79.87	79.87	20.13	20.13	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. ¹⁰	General insurance business	Cambodia	9,000,000 ²	9,000,000 ²	100.00	100.00	-	-	100.00	100.00
Etiqa Life Insurance (Cambodia) Plc. ¹⁰	Life insurance and investment-linked businesses	Cambodia	9,000,000 ²	9,000,000 ²	100.00	100.00	-	-	100.00	100.00
Investment Banking										
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. ¹⁰	Under member's voluntary liquidation	Philippines	21,875,000 ³	21,875,000 ³	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 IBG Holdings Limited (formerly known as Maybank Kim Eng Holdings Limited) ¹⁰	Investment holding	Singapore	211,114,224 ⁴	211,114,224 ⁴	100.00	100.00	-	-	100.00	100.00
Maybank Securities Pte. Ltd. (formerly known as Maybank Kim Eng Securities Pte. Ltd.) ¹⁰	Dealing in securities	Singapore	75,000,000 ⁴	75,000,000 ⁴	100.00	100.00	-	-	100.00	100.00

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65. 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	
			2021 RM	2020 RM	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
Investment Banking (cont'd.)										
PT Maybank Sekuritas Indonesia (formerly known as PT. Maybank Kim Eng Sekuritas) ¹⁰	Dealing in securities	Indonesia	589,805,000,000 ¹	589,805,000,000 ¹	99.78	99.78	0.22	0.22	100.00	100.00
Maybank Securities (Thailand) Public Company Limited (formerly known as Maybank Kim Eng Securities (Thailand) Public Company Limited) ¹⁰	Dealing in securities	Thailand	3,377,643,229 ⁷	3,377,643,229 ⁷	83.50	83.50	16.50	16.50	100.00	100.00
Maybank Securities (London) Limited (formerly known as Maybank Kim Eng Securities (London) Limited) ¹⁰	Dealing in securities	United Kingdom	600,000 ⁶	600,000 ⁶	100.00	100.00	-	-	100.00	100.00
Maybank Securities USA Inc. (formerly known as Maybank Kim Eng Securities USA Inc.) ¹¹	Dealing in securities	United States of America	27,754,000 ²	26,500,000 ²	100.00	100.00	-	-	100.00	100.00
MIB Securities India Private Limited (formerly known as Kim Eng Securities India Private Limited) ¹⁰	Dealing in securities	India	500,000,000 ⁸	500,000,000 ⁸	100.00	100.00	-	-	100.00	100.00
MIB Finance (Hong Kong) Limited (formerly known as Ong Asia Securities (HK) Limited) ¹⁰	Securities trading	Hong Kong	5,000,000 ⁵	30,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Research Pte. Ltd. (formerly known as Maybank Kim Eng Research Pte. Ltd.) ¹⁰	Provision of research services	Singapore	300,000 ⁴	300,000 ⁴	100.00	100.00	-	-	100.00	100.00
MIB Securities (Hong Kong) Limited (formerly known as Kim Eng Securities (Hong Kong) Limited) ¹⁰	Dealing in securities	Hong Kong	310,000,000 ⁵	310,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
MIB Futures (Hong Kong) Limited (formerly known as Kim Eng Futures (Hong Kong) Limited) ¹⁰	Futures contracts broker	Hong Kong	6,000,000 ⁵	6,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Capital, Inc. ¹⁰	Corporate finance & financial and investment advisory	Philippines	872,558,000 ³	872,558,000 ³	100.00	100.00	-	-	100.00	100.00
Maybank Securities, Inc. (formerly known as Maybank ATR Kim Eng Securities, Inc.) ¹⁰	Dealing in securities	Philippines	404,795,900 ³	404,795,900 ³	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Securities Limited ¹⁰	Dealing in securities	Vietnam	2,200,000,000,000 ⁹	1,056,110,000,000 ⁹	100.00	100.00	-	-	100.00	100.00
Asset Management/Trustees/Custody										
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	6,070,828,970	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	3,500,000	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. ¹⁰	Property leasing and trading	Philippines	100,000,000 ³	100,000,000 ³	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 ¹⁰	Nominee services	Singapore	60,000 ⁴	60,000 ⁴	100.00	100.00	-	-	100.00	100.00

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65. 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	
			2021 RM	2020 RM	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
Asset Management/Trustees/ Custody (cont'd.)										
Maybank Nominees (Hong Kong) Limited ¹⁰	Nominee services	Hong Kong	3 ⁵	3 ⁵	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.	Ceased operations	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
Double Care Sdn. Bhd. ¹³	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. ¹⁰	Investment holding	Singapore	882,010,600 ⁴	882,010,600 ⁴	100.00	100.00	-	-	100.00	100.00
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
BinaFikir Sdn. Bhd.	Business/Economic consultancy and advisory	Malaysia	742,011	742,011	100.00	100.00	-	-	100.00	100.00
MIB Strategic Pte. Ltd. (formerly known as Maybank KE Strategic Pte. Ltd.) ¹⁰	Investment holding	Singapore	2 ⁴	2 ⁴	100.00	100.00	-	-	100.00	100.00
Maybank Properties Pte. Ltd. (formerly known as Maybank Kim Eng Properties Pte. Ltd.) ¹⁰	Property investment	Singapore	8,000,000 ⁴	8,000,000 ⁴	100.00	100.00	-	-	100.00	100.00
Strategic Acquisitions Pte. Ltd. ¹⁰	Investment holding	Singapore	94,556 ⁴	94,556 ⁴	100.00	100.00	-	-	100.00	100.00
MIB Investment Limited (formerly known as Kim Eng Investment Limited) ¹⁰	Investment holding	Hong Kong	415,000,000 ⁵	415,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
KE Sovereign Limited ^{12,13}	Liquidated	British Virgin Islands	-	500,000 ²	-	100.00	-	-	-	100.00
Maybank Securities Nominees Pte. Ltd. (formerly known as Maybank Kim Eng Securities Nominees Pte. Ltd.) ¹⁰	Acting as nominee for beneficiary shareholders	Singapore	10,000 ⁴	10,000 ⁴	100.00	100.00	-	-	100.00	100.00
Maybank Asset Management Singapore Pte. Ltd. ¹⁰	Fund management	Singapore	9,768,512 ⁴	9,768,512 ⁴	80.00	80.00	20.00	20.00	100.00	100.00
MIB Nominees (Hong Kong) Limited (formerly known as Kim Eng Nominees (Hong Kong) Limited) ¹⁰	Nominee services	Hong Kong	2 ⁵	2 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Kim Eng Properties USA Inc. ¹²	Property investment	United States of America	3,000,000 ²	3,000,000 ²	100.00	100.00	-	-	100.00	100.00
PT Prosperindo ¹¹	Investment holding	Indonesia	275,730,000,000 ¹	275,730,000,000 ¹	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 ¹⁰	Fund management	Indonesia	125,500,000,000 ¹	99,000,000,000 ¹	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. ¹³	Under member's voluntary liquidation	Malaysia	1 ²	1 ²	80.00	80.00	20.00	20.00	100.00	100.00
MBB Labs Private Limited ¹⁰	IT development services	India	60,000,000 ⁸	60,000,000 ⁸	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 ¹⁰	Dormant	Singapore	50,000 ⁴	50,000 ⁴	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	2,500,000	100.00	100.00	-	-	100.00	100.00

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65. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(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	
			2021 %	2020 %
Held by the Bank				
Maybank Enhanced Income Fund ¹⁰	Equity Fund	Singapore	60	74
Maybank Malaysia SmallCap Fund	Equity Fund	Malaysia	-	86
Maybank All-Weather Quantitative Fund ¹⁰	Equity Fund	Singapore	95	100
Held through subsidiaries				
MAM PE Asia Fund I (Labuan) LLP	Private Equity Fund	Malaysia	100	100

(c) Details of the associates are as follows:

Name of Company	Principal Activities	Country of Incorporation/Principal Place of Business	Effective Interest	
			2021 %	2020 %
Held by the Bank				
Uzbek Leasing International A.O. ¹¹	Leasing	Uzbekistan	20	20
Philmay Holding, Inc. ¹⁰	Investment holding	Philippines	33	33
An Binh Commercial Joint Stock Bank ¹¹	Banking	Vietnam	16	20
Held through subsidiaries				
MCB Bank Limited ¹¹	Banking	Pakistan	19	19
Asian Forum, Inc. ¹¹	Under member's voluntary liquidation	Malaysia	23	23
Tullet Prebon (Philippines), Inc. ¹¹	Broker between participants in forex and fixed income	Philippines	49	49
Adrian V. Ocampo Insurance Brokers, Inc. ¹⁰	Insurance brokerage	Philippines	23	23
GPay Network (M) Sdn Bhd ¹¹	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	
			2021 %	2020 %
Anfaal Capital ¹¹	Investment banking	Kingdom of Saudi Arabia	35	35

Note:

¹ Indonesia Rupiah (IDR)

² United States Dollars (USD)

³ Philippine Peso (Peso)

⁴ Singapore Dollars (SGD)

⁵ Hong Kong Dollars (HKD)

⁶ Great Britain Pound (GBP)

⁷ Thailand Baht (THB)

⁸ Indian Rupee (INR)

⁹ Vietnamese Dong (VND)

¹⁰ Audited by other member firms of Ernst & Young Global

¹¹ Audited by firms of auditors other than Ernst & Young Global

¹² No audit required as allowed by the laws of the respective country of incorporation

¹³ No audit required as the entity is under members' voluntary liquidation

¹⁴ 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.

66. 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.

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67. 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
Maybank Islamic Berhad	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	Maybank Ageas Holdings Berhad	Datuk R. Karunakaran Antonio Cano Dato' Johan bin Ariffin Gary Lee Crist Dato' Majid bin Mohamad Datuk Mohd Najib bin Abdullah Fauziah binti Hisham (appointed on 15 November 2021) Dato' Amirul Feisal bin Wan Zahir (resigned on 29 June 2021)
Maybank International (L) Ltd.	Aziah binti Abdullah Nor Rashidi bin Mohammad (appointed on 2 September 2021) Khalijah binti Ismail Khairudin bin Abdul Rahman (resigned on 2 September 2021)	Etiqa Life International (L) Ltd.	Dato' Majid bin Mohamad Lee Hin Sze Johan Lam Chung Yin
Maybank Philippines, Incorporated	Fauziah binti Hisham Datuk Lim Hong Tat Pollie Sim Sio Hoong Atty. Ray C. Espinosa Renato Tinio De Guzman Manuel Nava Tordesillas Simoun S. Ung Jesus Roberto S. Reyes Abigail Tina M. Del Rosario (appointed on 8 October 2021) Choong Wai Hong (resigned on 11 April 2021)	Etiqa General Insurance Berhad	Datuk Mohd Najib bin Abdullah Frank J.G. Van Kempen Datuk Normala binti A. Manaf Koh Heng Kong Serina binti Abdul Samad Daniela Adaggi Mohamad Shukor bin Ibrahim
PT Bank Maybank Indonesia Tbk	Dato' Sri Abdul Farid bin Alias Budhi Dyah Sitawati Achjar Ijas Edwin Gerungan Dr. Hendar Datuk Lim Hong Tat Putut Eko Bayuseno (appointed on 26 March 2021)	Etiqa Family Takaful Berhad	Dato' Majid bin Mohamad Andrew King Sun Cheung Dato' Johan bin Ariffin Wong Pakshong Kat Jeong Colin Stewart Associate Professor Dr. Azman bin Mohd Noor Mohd Din bin Merican (appointed on 15 February 2021)
Maybank (Cambodia) Plc.	Spencer Lee Tien Chye Datuk Hamirullah bin Boorhan Soon Su Long Anthony Brent Elam Shariffuddin bin Khalid	Etiqa Offshore Insurance (L) Ltd.	Dato' Majid bin Mohamad Frank J.G. Van Kempen Chris Eng Poh Yoon
Maybank Singapore Limited	Datuk R. Karunakaran Dato' Sri Abdul Farid bin Alias Anthony Brent Elam Spencer Lee Tien Chye Wong Heng Ning Kevin Lee Yong Guan Renato Tinio De Guzman	Etiqa International Holdings Sdn. Bhd.	Datuk R. Karunakaran Dato' Johan bin Ariffin Fauziah binti Hisham (appointed on 1 October 2021) Dato' Amirul Feisal bin Wan Zahir (resigned on 29 June 2021)
PT Maybank Indonesia Finance	Deswandhy Agusman Steffano Ridwan Roskanedi (appointed on 29 April 2021)	Etiqa Life and General Assurance Philippines, Inc.	Kamaludin bin Ahmad Manuel N. Tordesillas Eulogio A. Mendoza Ma. Victoria C. Vinas Rico T. Bautista Ricardo Nicanor N. Jacinto Helen T. De Guzman (appointed on 15 October 2021) Loh Lee Soon (appointed on 1 January 2022) Lee Hin Sze (resigned on 31 December 2021)
PT Wahana Ottomitra Multiartha Tbk	I Nyoman Tjager Robbyanto Budiman Garibaldi Thohir Thilagavathy Nadason Myrnie Zachraini Tamin	Etiqa Insurance Pte. Ltd.	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
Kim Eng Finance (Singapore) Pte. Ltd.	Rajiv Vijendran Mohd Mughti Arief bin Shamsudin	PT Asuransi Etiqa Internasional Indonesia	Kamaludin bin Ahmad Endra Raharja Oka Masagung Chris Eng Poh Yoon (appointed on 19 December 2021) Adie Poernomo Widjaya (resigned on 17 October 2021) Wijayanto Samirin (resigned on 31 October 2021) Raharjo Adisusanto (resigned on 31 October 2021)

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67. 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
Etiqa Life Insurance Berhad	Datuk Mohd Najib bin Abdullah Philippe Pol Arthur Latour Frank J.G. Van Kempen Wong Pakshong Kat Jeong Colin Stewart Norazilla binti Md Tahir (appointed on 1 June 2021) Dr Ariffin bin Yahaya (appointed on 1 August 2021) Dato' Johan bin Ariffin (resigned on 1 January 2022) Loh Lee Soon (resigned on 1 January 2022)	Maybank Securities Pte. Ltd. (formerly known as Maybank Kim Eng Securities Pte. Ltd.)	Dr. John Lee Hin Hock Hamidah Moris Khalijah binti Ismail Soon Kwo Chuan, Christopher (appointed on 1 June 2021) Andrew Damien Kwek Tse Hock (appointed on 1 July 2021) Goh Ching Yin (appointed on 1 November 2021) Teo Hoe Sing (resigned on 3 June 2021) Rajiv Vijendran (resigned on 9 July 2021)
Etiqa General Takaful Berhad	Dato' Majid bin Mohamad Philippe Pol Arthur Latour Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican Koh Heng Kong Professor Dr. Rusni Hassan Dato' Johan bin Ariffin (resigned on 1 January 2022)	PT Maybank Sekuritas Indonesia (formerly known as PT Maybank Kim Eng Sekuritas)	I Nyoman Tjager Deswandhy Agusman Dato' Abdul Hamid bin Sheikh Mohamed
Etiqa General Insurance (Cambodia) Plc.	Datuk Mohd Najib bin Abdullah Loh Lee Soon Kirupalani Chelliah Kamaludin bin Ahmad Mohd Din bin Merican (appointed on 17 June 2021)	Maybank Securities (Thailand) Public Company Limited (formerly known as Maybank Kim Eng Securities (Thailand) Public Company Limited)	Dr. Areepong Bhoocha-oom Sopawadee Lertmanaschai Hans Johan Patrik Sandin Hamidah binti Moris Ricardo Nicanor Jacinto (appointed on 7 July 2021) Arapat Sankharat (appointed on 31 August 2021) Montree Sornpaisarn (resigned on 1 July 2021) Henry Koh Swee Ong (resigned on 31 August 2021)
Etiqa Life Insurance (Cambodia) Plc.	Dato' Johan bin Ariffin Koh Heng Kong Wong Pakshong Kat Jeong Colin Stewart Lee Hin Sze Siti Nita Zuhra binti Mohd Nazri Foo Wei Hoong (appointed on 15 June 2021)	Maybank Securities (London) Limited (formerly known as Maybank Kim Eng Securities (London) Limited)	Leonard White Mohamad Yasin bin Abdullah Farhan Nor Diyana binti Samsudin
Maybank Investment Bank Berhad	Dr. Hasnita binti Dato' Hashim Che Zakiah binti Che Din Dato' Muzaffar bin Hisham Hans Johan Patrik Sandin Goh Ching Yin Dato' Abdul Hamid bin Sheikh Mohamed Dato' Sri Sharifah Sofianny binti Syed Hussain	Maybank Securities USA Inc. (formerly known as Maybank Kim Eng Securities USA Inc.)	Jean Louis Lee Mohamad Yasin bin Abdullah Ahmad Hamdi bin Abdullah
Maysec Sdn. Bhd.	Mohamad Yasin bin Abdullah Malique Firdaus bin Ahmad Sidique	MIB Securities India Private Limited (formerly known as Kim Eng Securities India Private Limited)	Jigar Shah Mohamad Yasin bin Abdullah Malique Firdaus bin Ahmad Sidique
PhileoAllied Securities (Philippines) Inc.*	Mohamad Yasin bin Abdullah Hamidah binti Moris Luis Manuel L. Gatmaitan Graciella Marie D. Baldoz-Paz Ma. Alicia Picazo-San Juan	MIB Finance (Hong Kong) Limited (formerly known as Ong Asia Securities (HK) Limited)	Mohamad Yasin bin Abdullah Lim Eng Ping Malique Firdaus bin Ahmad Sidique
Maybank International Holdings Sdn. Bhd.	Wan Marzimin bin Wan Muhammad Mohamad Yasin bin Abdullah	Maybank Research Pte. Ltd. (formerly known as Maybank Kim Eng Research Pte. Ltd.)	Ong Seng Yeow Shrianand Pathmakathan
Maybank IBG Holdings Limited (formerly known as Maybank Kim Eng Holdings Limited)	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 Andrew Damien Kwek Tse Hock (appointed on 1 July 2021)	MIB Securities (Hong Kong) Limited (formerly known as Kim Eng Securities (Hong Kong) Limited)	Hans Johan Patrik Sandin Hamidah binti Moris Malique Firdaus bin Ahmad Sidique Lim Eng Ping Felino James Marcelo

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67. 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
MIB Futures (Hong Kong) Limited (formerly known as Kim Eng Futures (Hong Kong) Limited)	Lim Eng Ping Teo Kim Guan	Philmay Property, Inc.	Ong Seet-Joon Atty. Llewellyn L. Llanillo Ng Yok Chin
Maybank Kim Eng Capital, Inc.	Alexander Ludwig L. Dauz Dato' Sri Sharifah Sofianny binti Syed Hussain Rajiv Vijendran Ricardo Nicanor Jacinto Aurelio Noel G. Dayrit Daniel Gabriel M. Montecillo (appointed on 1 March 2021) Choong Wai Hong (resigned on 12 February 2021) Ma. Victoria C. Viñas (retired on 1 March 2021)	Maybank (Nominees) Sdn. Bhd.	Mohamad Yasin bin Abdullah Surin Segar a/l Gnanasegaram
Maybank Securities, Inc. (formerly known as Maybank ATR Kim Eng Securities, Inc.)	Alexander Ludwig L. Dauz Rajiv Vijendran Aurelio Noel G. Dayrit Ricardo Nicanor Jacinto Daniel Gabriel M. Montecillo (appointed on 8 April 2021)	Maybank Nominees (Tempatan) Sdn. Bhd.	Mohamad Yasin bin Abdullah Surin Segar a/l Gnanasegaram
Maybank Kim Eng Securities Limited	Mohamad Yasin bin Abdullah Rajiv Vijendran Lok Eng Hong Che Zakiah binti Che Din (appointed on 15 September 2021)	Maybank Nominees (Asing) Sdn. Bhd.	Mohamad Yasin bin Abdullah Surin Segar a/l Gnanasegaram
Maybank Asset Management Group Berhad	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	Maybank Nominees (Singapore) Private Limited	Lim Choon Meng Chew Yew Leong David Allen Ng Kian Guan (resigned on 22 June 2021)
Maybank (Indonesia) Berhad	Loy Teck Wooi Wan Marzimin bin Wan Muhammad	Maybank Nominees (Hong Kong) Limited	Felino James Marcelo
Cekap Mentari Berhad	Lee Yih Hwan Malique Firdauz bin Ahmad Sidiq (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)	Maybank Securities Nominees (Tempatan) Sdn. Bhd.	Malique Firdauz bin Ahmad Sidiq Ezrina binti Mahadzir
Maybank International Trust (Labuan) Berhad	Lee Yih Hwan Malique Firdauz bin Ahmad Sidiq (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)	Maybank Securities Nominees (Asing) Sdn. Bhd.	Malique Firdauz bin Ahmad Sidiq Ezrina binti Mahadzir
Maybank Offshore Corporate Services (Labuan) Sdn. Bhd.	Surin Segar a/l Gnanasegaram Malique Firdauz bin Ahmad Sidiq (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)	Maybank Allied Berhad	Wan Marzimin bin Wan Muhammad Malique Firdauz bin Ahmad Sidiq (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)
Maybank Trustees Berhad	Cheng Kee Check Fauziah binti Hisham Surindar Kaur a/p Gian Singh Dato' John Chong Eng Chuan	Dourado Tora Holdings Sdn. Bhd.	Lee Yih Hwan Malique Firdauz bin Ahmad Sidiq (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)
Maybank Private Equity Sdn. Bhd.	Loh Lee Soon Fad'l bin Mohamed Norlia binti Mat Yusof	Aurea Lakra Holdings Sdn. Bhd.	Lee Yih Hwan Choong Yoke Choo
Maybank Asset Management Sdn. Bhd.	Dato' Idris bin Kechot Goh Ching Yin Badrul Hisyam bin Abu Bakar Ahmad Najib bin Nazlan Loh Lee Soon	KBB Nominees (Tempatan) Sdn. Bhd.	Yeoh Cheang Teik Abdullah bin Taib
		KBB Properties Sdn. Bhd.	Yeoh Cheang Teik Mohd Noor bin Bahari Abdullah bin Taib
		Double Care Sdn. Bhd.*	Dato' Aminuddin bin Md Desa Hans De Cuyper
		Sorak Financial Holdings Pte. Ltd.	Lim Choon Meng Khalijah binti Ismail
		Myfin Berhad	Loy Teck Wooi Surin Segar a/l Gnanasegaram
		Maybank Alliances Sdn. Bhd.	Surin Segar a/l Gnanasegaram Malique Firdauz bin Ahmad Sidiq (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)
		BinaFikir Sdn. Bhd.	Dato' Muzaffar bin Hisham Lye Saw Im

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67. 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
MIB Strategic Pte. Ltd. (formerly known as Maybank KE Strategic Pte. Ltd.)	Maliqie Firdauz bin Ahmad Sidique Rajiv Vijendran	Maybank Kim Eng Properties USA Inc.	Jean Louis Lee Mohamad Yasin bin Abdullah Ahmad Hamdi Abdullah
Maybank Properties Pte. Ltd. (formerly known as Maybank Kim Eng Properties Pte. Ltd.)	Mohamad Yasin bin Abdullah Lee Yih Hwan	PT Prosperindo	Lee Tien Poh Narita Naziree binti Ahmad Naziree Surin Segar a/l Gnanasegaram
Strategic Acquisitions Pte. Ltd.	Tan Boon Guan Badrul Hisyam bin Abu Bakar Lok Eng Hong Goh Keat Jin	Maybank Shared Services Sdn. Bhd.	Surin Segar a/l Gnanasegaram Loy Teck Wooi Mohd Suhail Amar Suresh bin Abdullah
MIB Investment Limited (formerly known as Kim Eng Investment Limited)	Lim Eng Ping Maliqie Firdauz bin Ahmad Sidique	PT Maybank Asset Management	Badrul Hisyam bin Abu Bakar Mohamad Yasin bin Abdullah
Maybank Securities Nominees Pte. Ltd. (formerly known as Maybank Kim Eng Securities Nominees Pte. Ltd.)	Henry Koh Swee Ong Young Lim Koon Yang	Maybank Islamic Asset Management Sdn. Bhd.	Roni Lihawa bin Abdul Wahab Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican Badrul Hisyam bin Abu Bakar Ahmed Muzni bin Mohamed Nadjihah Mohd Dzaidin (appointed on 1 November 2021)
Maybank Asset Management Singapore Pte. Ltd.	Goh Keat Jin Badrul Hisyam bin Abu Bakar Alvin Lee Han Eng Goh Ching Yin (appointed 1 January 2021)	MAM DP Ltd.	Badrul Hisyam bin Abu Bakar
MIB Nominees (Hong Kong) Limited (formerly known as Kim Eng Nominees (Hong Kong) Limited)	Lim Eng Ping Teo Kim Guan	MBB Labs Private Limited	Meenakshy Ramaswamy Iyer Mohd Suhail Amar Suresh bin Abdullah Datuk Normala binti A. Manaf
		Amanah Mutual Berhad	Badrul Hisyam bin Abu Bakar Ahmad Najib bin Nazlan
		Singapore Unit Trusts Limited	Lee Han Eng Alvin Goh Keat Jin
		Etiqa Digital Solutions Sdn. Bhd.	Kamaludin bin Ahmad Lee Hin Sze Amran bin Hassan

* Under members' voluntary liquidation

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