



Maybank

ANNUAL REPORT 2022
FINANCIAL STATEMENTS



**Strong
Net Profit**
of RM8.23 billion

**Most Valuable
Company in Malaysia**
by Market
Capitalisation at
RM104.87 billion
(31 December 2022)

**Market Leading
Dividend Yield**
of 6.7% with total
dividend of 58 sen
per share

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OUR PERFORMANCE

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Highlights of 2022

REWARDING OUR SHAREHOLDERS

Net profit grew to a record of RM8.23 billion on stronger net operating income growth of 8.5% from RM25.45 billion in FY2021 to RM27.62 billion in FY2022 and improvement in net loan loss provisions from RM2.66 billion in FY2021 to RM2.19 billion in FY2022 that allowed us to continue rewarding our shareholders.



📖 Key Messages to Shareholders on pages 13 and 17 and Reflections from Our Group Chief Financial Officer on page 44 in Integrated Annual Report 2022

DRIVING EXCELLENCE IN CUSTOMER EXPERIENCE

Staying true to our mission of Humanising Financial Services, we aim to provide a seamless experience with personalised solutions for our customers' evolving needs at each step of their life journeys. Customers are offered an omnichannel experience, allowing smooth navigation across various touchpoints and offerings within the same platform. Our focus on delivering a differentiated customer experience allows us to maintain our industry leadership position with a Net Promoter Score of +24 (2021: +23).



📖 Customer Experience on page 72 in Integrated Annual Report 2022

ELEVATING OUR EMPLOYEES

Our employees' well-being and development remain our utmost priority as we continue to place great emphasis on mental health, building Next-Gen capabilities and embedding sustainability awareness. Our new initiatives include:

- Launched Mental Well-being Roadshow 2022 across several regions in Malaysia and Indonesia and introduced the #MindOurMinds Podcast series.
- Initiated Green Lab training and implemented the Maybank Group Self-Led Sustainability & Volunteerism Policy, whereby Maybankers may apply for one-month paid Sustainability Leave per annum with the option of one-month extension, if approved.
- Rolled out M25 Unlimited Potential (M25UP) programme to inculcate digitalisation, customer-centricity and enterprise thinking among leaders.
- RM110.9 million was invested in learning in FY2022 (FY2021: RM74.5 million), and enrolled 36,763 employees Group-wide in digital-focused FutureReady programmes (2021: 34,361 employees).

📖 Group Human Capital on page 73 in Integrated Annual Report 2022

PERVASIVELY DIGITAL

Maybank continued to be the preferred digital bank in Malaysia:

- 53.1% mobile banking (2021: 56.3%) and 50.2% internet banking (2021: 49.6%) market share of Malaysia's digital transaction volume.
- Named **Best Mobile Banking** by The Asian Banker Malaysia Award 2022 and **Best Digital Bank for CX** in Malaysia by The Digital Banker.
- Launched first-to-market solutions, including ATM Cash-out, Personal Digital Financing, among others.



📖 Pervasively Digital on page 69 in Integrated Annual Report 2022

ADVANCING OUR SUSTAINABILITY JOURNEY

We were one of the first banks in ASEAN to establish our Scope 3 financed emissions baseline and identify a transition strategy, bringing us closer to our net zero carbon ambition by 2050. Progress on our four sustainability commitments in FY2022 is as follows:

- Mobilised RM20.69 billion in sustainable finance, exceeding the FY2022 target of RM9 billion.
- Our community programmes benefitted 368,441 households across ASEAN which more than doubled the FY2022 target of 150,000 households.
- Reduced our Scope 1 and 2 emissions by 41% against a 2019 baseline, above the FY2022 target of 40%.
- Employees recorded 1.56 million sustainability hours, exceeding the FY2022 target of one million hours.



📖 Key Messages to Shareholders on page 18 and Sustainability Review on page 119. FY2021 achievements for each of the sustainability commitment can be found in Key Performance Indicators on page 43 in Integrated Annual Report 2022

Net Profit*

RM8.23 billion

(FY2021: RM8.10 billion)

Return on Equity

10.0%

(FY2021: 9.8%)

Earnings per Share

68.8 Sen

(FY2021: 69.7 sen)

Group CET1 Capital Ratio

15.67%

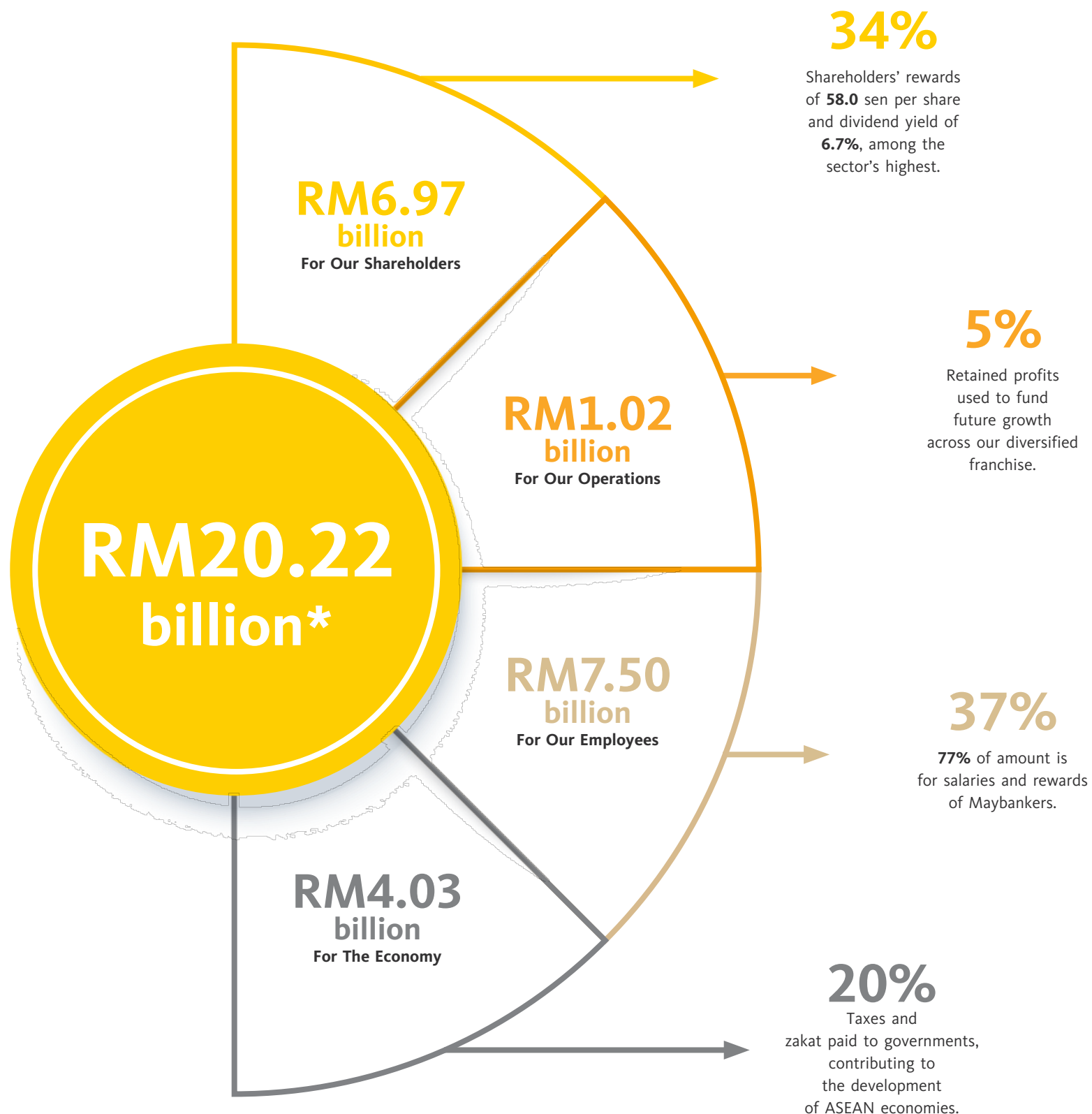
(FY2021: 16.09%)

* 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 FY2022 was distributed as follows:



* Includes non-controlling interests, as well as depreciation and amortisation which represent the combined 4% not illustrated above. Refer to page 6 for Distribution of Value Added

Financial Performance

FIVE-YEAR GROUP FINANCIAL SUMMARY

	Group FY 31 Dec					Bank FY 31 Dec	
	2018	2019	2020	2021	2022	2021	2022
OPERATING RESULT (RM' million)							
Operating revenue	47,320	52,868	51,031	45,959	50,914	23,181	26,612
Net operating income	23,662	24,741	24,763	25,448	27,615	15,190	16,210
Pre-provisioning operating profit ("PPOP") ¹	12,416	13,179	13,541	13,930	14,808	10,168	10,458
Operating profit	10,803	10,856	8,448	10,700	12,022	7,744	8,639
Profit before taxation and zakat	10,901	11,014	8,657	10,887	12,153	7,744	8,639
Profit attributable to equity holders of the Bank	8,113	8,198	6,481	8,096	8,235	6,878	6,971
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' million)							
Total assets	806,992	834,413	856,860	888,172	947,813	489,351	522,676
Financial investments portfolio ²	177,952	192,830	215,186	223,884	231,090	126,242	133,764
Loans, advances and financing	507,084	513,420	512,210	541,888	575,387	240,123	245,137
Total liabilities	729,254	750,344	769,750	799,620	858,896	416,242	449,606
Deposits from customers	532,733	544,531	556,349	588,968	614,895	276,559	274,854
Investment accounts of customers	23,565	20,738	23,841	28,721	24,501	-	-
Commitments and contingencies	872,955	1,208,623	1,305,385	1,176,244	1,526,306	1,081,180	1,422,559
Share capital	46,747	48,280	48,280	53,156	54,619	53,156	54,619
Shareholders' equity	75,330	81,571	84,437	85,811	85,957	73,108	73,071
SHARE INFORMATION							
Per share (sen)							
Basic earnings	74.2	73.5	57.7	69.7	68.8	59.2	58.2
Diluted earnings	74.2	73.5	57.7	69.7	68.8	59.2	58.2
Gross dividend	57.0	64.0	52.0	58.0	58.0	58.0	58.0
Net assets (sen)	681.7	725.6	751.1	722.4	713.1	615.5	606.2
Share price as at 31 Dec (RM)	9.50	8.64	8.46	8.30	8.70	-	-
Market capitalisation (RM' million)	104,972	97,125	95,102	98,592	104,871	-	-
FINANCIAL RATIOS (%)							
Profitability Ratios/Market Share							
Net interest margin on average interest-earning assets	2.3	2.3	2.1	2.3	2.4	1.9	1.8
Net interest on average risk-weighted assets	4.6	4.6	4.3	4.7	5.1	3.5	3.6
Return on equity	11.4	10.9	8.1	9.8	10.0	9.7	10.0
Net return on average assets	1.0	1.0	0.8	0.9	0.9	1.4	1.4
Net return on average risk-weighted assets	2.2	2.2	1.7	2.0	2.0	2.9	3.0
Cost to income ratio ³	47.5	46.7	45.3	45.3	46.4	33.1	35.5
Domestic market share in:							
Loans, advances and financing	18.1	17.9	18.1	18.0	18.1	18.0	18.1
Deposits from customers – Savings account	26.1	25.5	25.7	26.1	26.1	26.1	26.1
Deposits from customers – Current account	19.3	18.4	13.1	13.8	18.2	13.8	18.2
CAPITAL ADEQUACY RATIOS (%)							
CET1 Capital Ratio	15.029	15.729	15.313	16.090	15.669	15.462	15.264
Tier 1 Capital Ratio	15.983	16.486	16.026	16.810	16.376	16.223	16.045
Total Capital Ratio	19.024	19.387	18.683	19.518	19.080	18.785	18.635
ASSET QUALITY RATIOS							
Net impaired loans (%)	1.28	1.33	1.10	0.89	0.46	1.93	0.95
Loan loss coverage (%)	83.6	77.3	106.3	111.9	131.2	79.6	100.9
Loan-to-deposit ratio (%) ⁴	92.7	92.4	90.1	89.5	91.6	77.9	80.0
Deposits to shareholders' fund (times) ⁵	7.4	6.9	6.9	7.2	7.4	3.8	3.8
VALUATIONS ON SHARE							
Gross dividend yield (%)	6.0	7.4	6.1	7.0	6.7	-	-
Dividend payout ratio (%)	77.3	87.8	91.2	84.5	84.6	-	-
Price to earnings multiple (times)	12.8	11.8	14.7	11.9	12.6	-	-
Price to book multiple (times)	1.4	1.2	1.1	1.1	1.2	-	-

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

² 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 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.

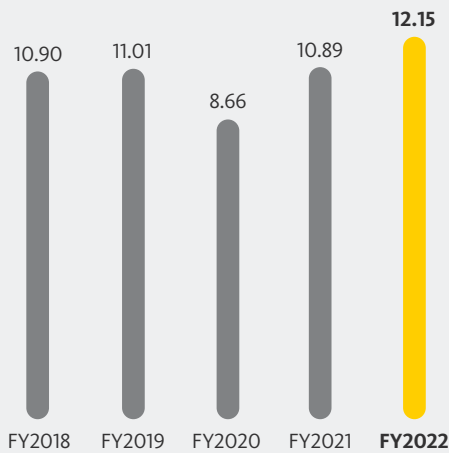
⁴ Loan-to-deposit ratio is computed using gross loans, advances and financing over deposits from customers and investment accounts of customers.

⁵ Deposits to shareholders' fund include investment accounts of customers.

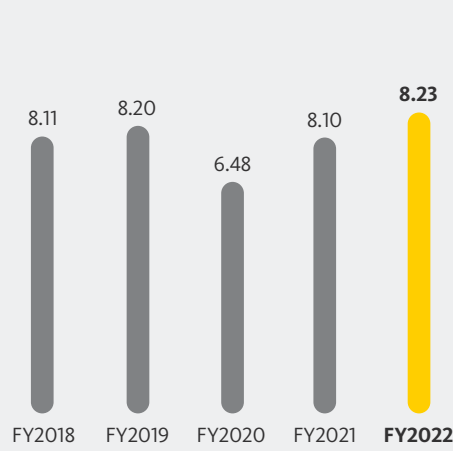
Financial Performance

Five-Year Group Financial Summary

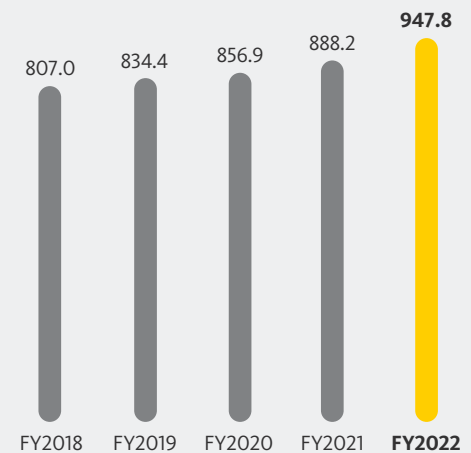
Profit Before Taxation and Zakat RM12.15 billion



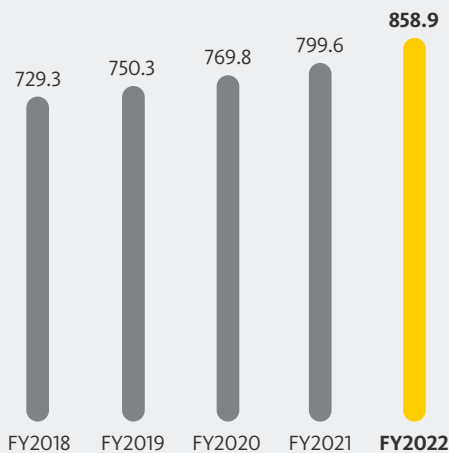
Profit Attributable to Equity Holders of the Bank RM8.23 billion



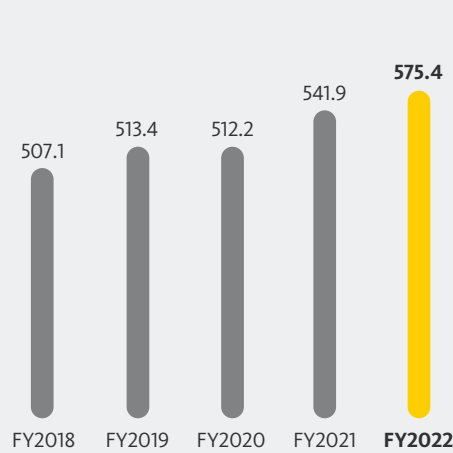
Total Assets RM947.8 billion



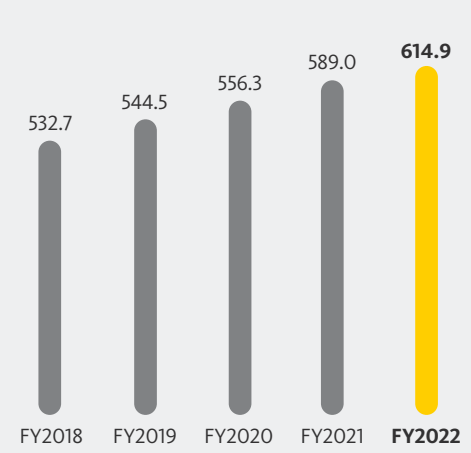
Total Liabilities RM858.9 billion



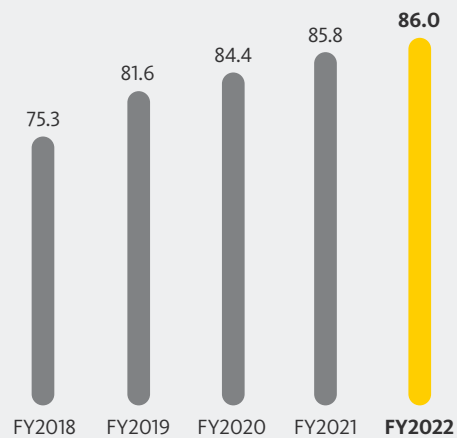
Loans, Advances and Financing RM575.4 billion



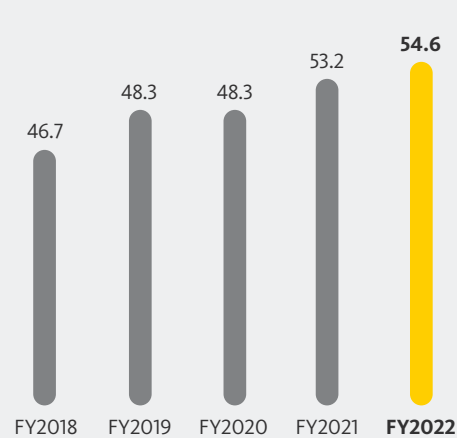
Deposits from Customers RM614.9 billion



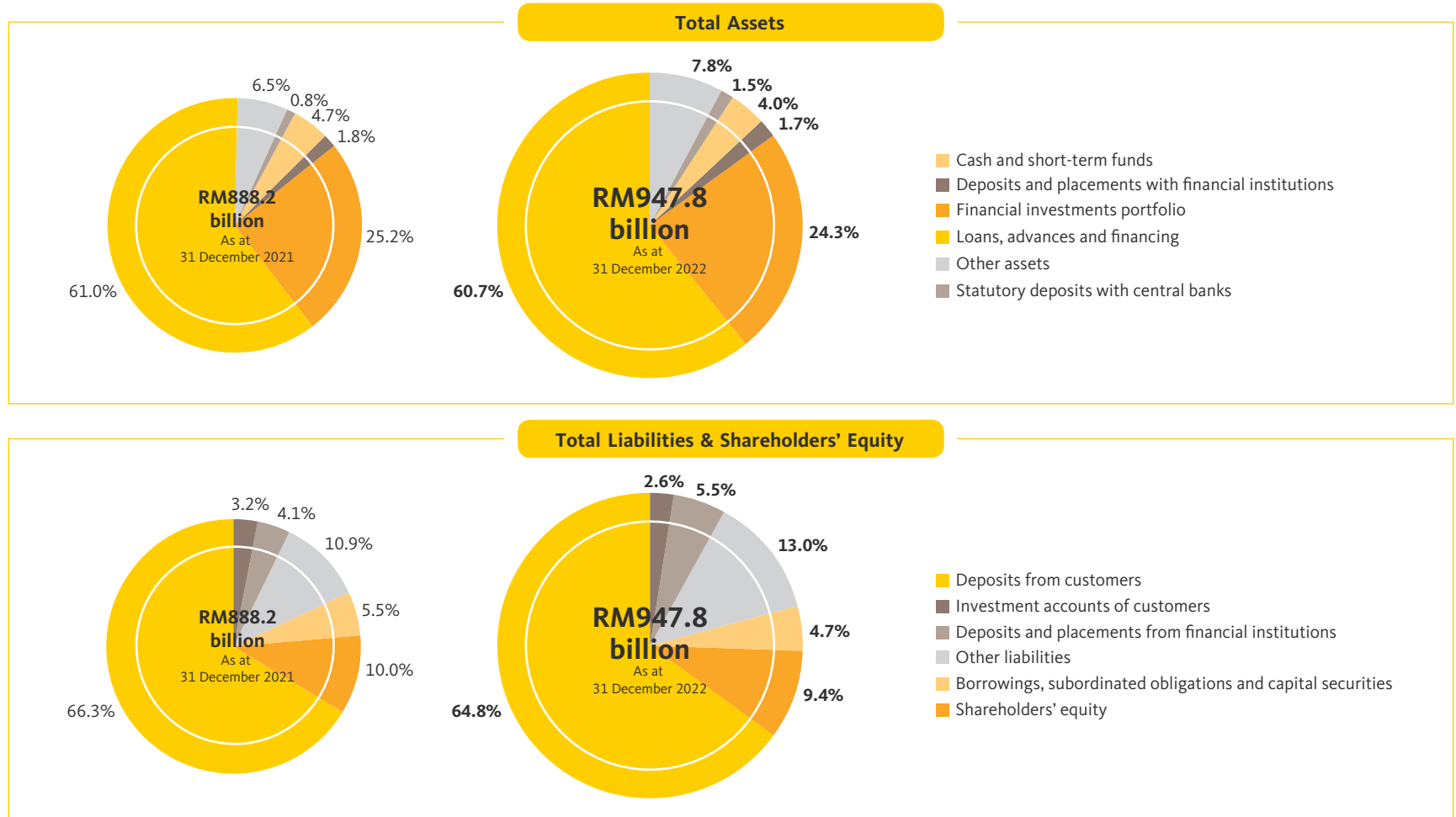
Shareholders' Equity RM86.0 billion



Share Capital RM54.6 billion



SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION



GROUP QUARTERLY FINANCIAL PERFORMANCE

RM' million	FY 31 Dec 2022				
	Q1	Q2	Q3	Q4	YEAR
Operating revenue	11,872	11,145	13,387	14,510	50,914
Net interest income (including income from Islamic Banking Scheme operations)	4,997	5,286	5,464	5,501	21,248
Net earned insurance premiums	2,356	2,268	2,259	2,095	8,978
Other operating income	947	367	1,546	1,765	4,625
Total operating income	8,300	7,921	9,268	9,362	34,851
Operating profit before impairment losses	3,520	3,779	4,020	3,489	14,808
Profit before taxation and zakat	2,972	2,666	3,208	3,307	12,153
Profit attributable to equity holders of the Bank	2,045	1,857	2,166	2,167	8,235
Earnings per share (sen)	17.2	15.5	18.2	17.9	68.8
Dividend per share (sen)	-	28.0	-	30.0	58.0

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)	-	28.0	-	30.0	58.0

Financial Performance

KEY INTEREST BEARING ASSETS AND LIABILITIES

	FY 31 Dec 2021			FY 31 Dec 2022		
	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
<u>Interest earning assets</u>						
Loans, advances and financing	541,888	4.58	19,708	575,387	5.35	23,316
Cash and short-term funds & deposits and placements with financial institutions	57,521	1.83	605	53,670	2.35	869
Financial assets at fair value through profit or loss	40,957	2.17	1,020	38,627	2.81	927
Financial investments at fair value through other comprehensive income	122,394	2.40	3,468	120,706	2.99	3,965
Financial investments at amortised cost	60,532	3.43	2,183	71,757	3.99	2,879
<u>Interest bearing liabilities</u>						
Customers' funding:						
– Deposits from customers	588,968	1.14	5,651	614,895	1.96	7,859
– Investment accounts of customers	28,721	1.12	290	24,501	1.29	353
Deposits and placements from financial institutions	36,583	1.12	354	51,894	4.24	970
Borrowings	35,548	2.16	706	31,736	2.35	866
Subordinated obligations	10,239	3.64	482	10,238	3.64	456
Capital securities	2,828	4.07	116	2,829	4.07	116

STATEMENT OF VALUE ADDED

	FY 31 Dec 2021 RM'000	FY 31 Dec 2022 RM'000
Net interest income	12,034,045	13,834,213
Income from Islamic Banking Scheme operations	7,572,599	7,413,866
Net earned insurance premiums	8,846,782	8,977,582
Other operating income	4,470,670	4,625,377
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(7,475,699)	(7,235,971)
Overhead expenses excluding personnel expenses, depreciation and amortisation ¹	(4,127,651)	(4,735,520)
Allowances for impairment losses on loans, advances and financing and other debts, net	(2,658,541)	(2,189,311)
Allowances for impairment losses on financial investments, net	(598,298)	(523,384)
Writeback of/(allowances for) impairment losses on other financial assets, interest in associates and goodwill, net	27,393	(72,868)
Share of profits in associates and joint ventures	186,183	130,850
Value added available for distribution	18,277,483	20,224,834

DISTRIBUTION OF VALUE ADDED

	FY 31 Dec 2021 RM'000	FY 31 Dec 2022 RM'000
To employees:		
Personnel expenses	6,808,178	7,503,517
To governments:		
Taxation & zakat	3,298,702	4,031,440
To providers of capital:		
Dividends paid to shareholders	6,837,689	6,967,842
Non-controlling interests	225,286	138,053
To reinvest to the Group:		
Depreciation and amortisation ¹	582,710	568,051
Retained profits	524,918	1,015,931
Value added available for distribution	18,277,483	20,224,834

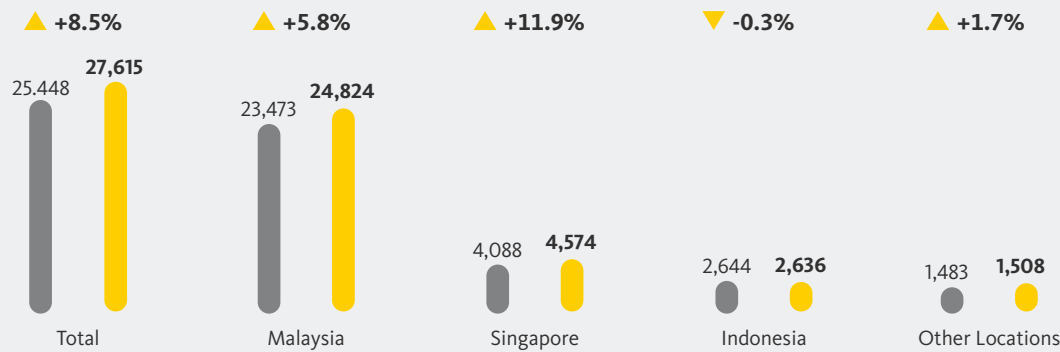
¹ Depreciation and amortisation exclude depreciation of right-of-use assets

SEGMENTAL INFORMATION

■ FY 31 Dec 2021 ■ FY 31 Dec 2022

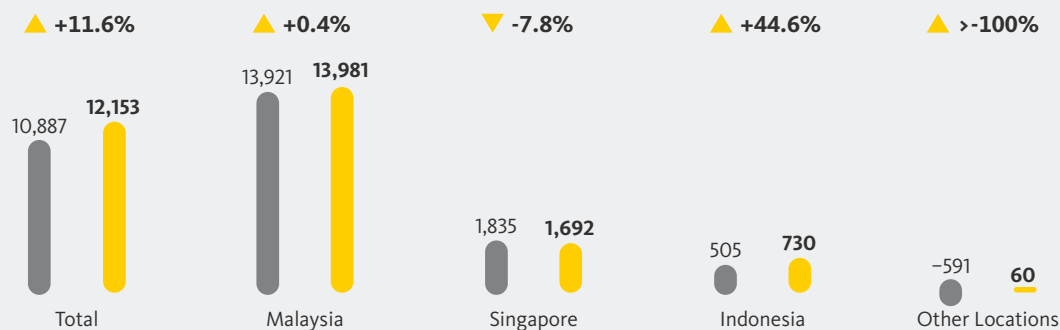
Analysis by Geographical Location

Net Operating Income (RM' million)



Note: Total net operating income includes inter-segment which are eliminated on consolidation of RM5,927 million for FY 31 December 2022 and RM6,240 million for FY 31 December 2021.

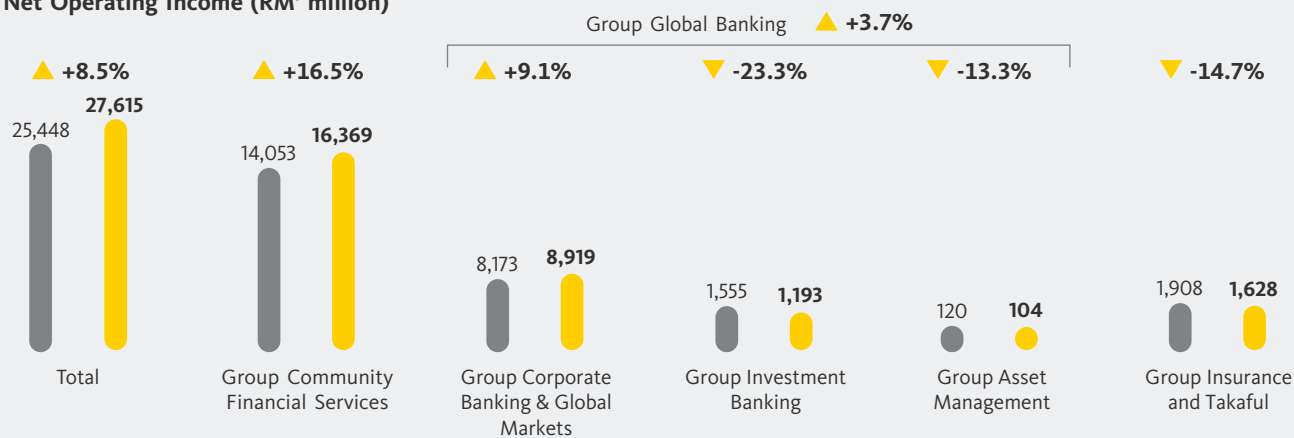
Profit Before Taxation and Zakat (RM' million)



Note: Total profit before taxation and zakat includes inter-segment which are eliminated on consolidation of RM4,310 million for FY 31 December 2022 and RM4,783 million for FY 31 December 2021.

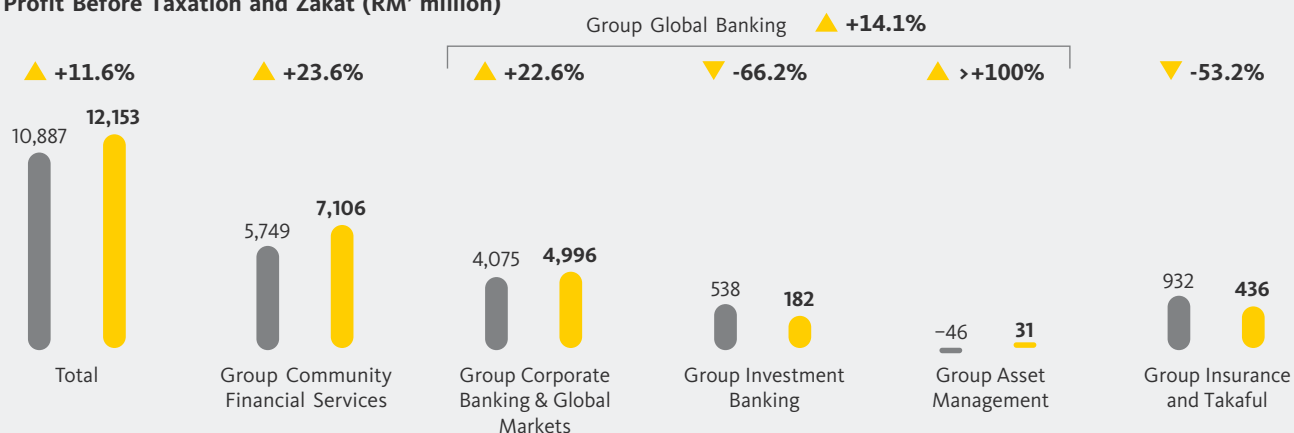
Analysis by Business Segments

Net Operating Income (RM' million)



Note: Total net operating income includes Head Office & Others of RM598 million for FY 31 December 2022 and RM361 million for FY 31 December 2021.

Profit Before Taxation and Zakat (RM' million)



Note: Total profit before taxation and zakat includes Head Office & Others of RM598 million for FY 31 December 2022 and RM361 million for FY 31 December 2021.



Financial Statements

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Statement of Directors' Responsibilities

in respect of the Audited Financial Statements for the Financial Year Ended 31 December 2022

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 2022, 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 FY2022 FINANCIAL RESULTS

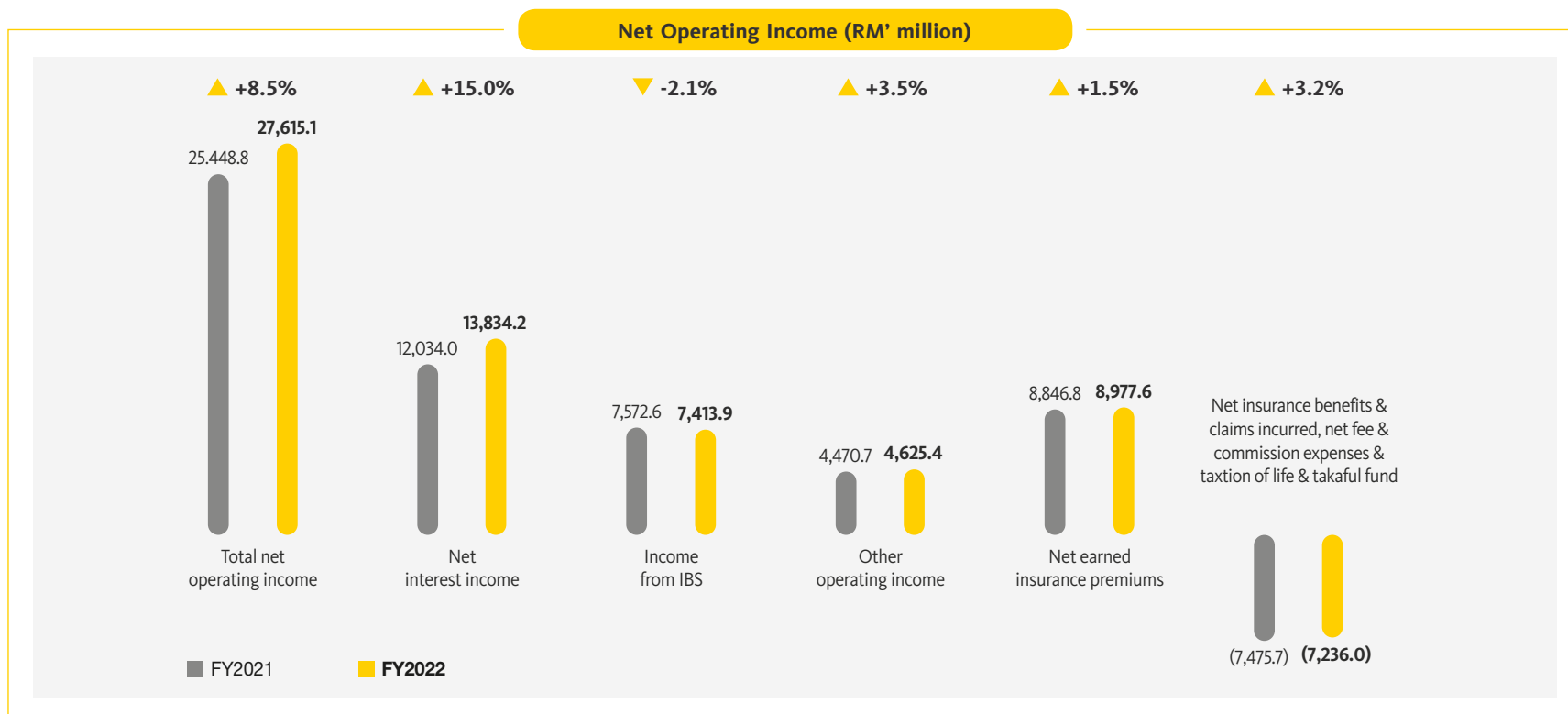
The Group recorded profit attributable to equity holders of the Bank of RM8,234.9 million in FY2022, an increase of RM138.7 million from FY2021.

The better results were driven by improving regional economic activities that supported the Group's higher net operating income of RM2,166.7 million and lower net allowances for impairment losses on loans, advances and financing of RM469.2 million. The increases were, however, offset by higher overhead expenses of RM1,288.5 million and higher taxation and zakat of RM1,215.2 million.

The higher net operating income was achieved on the back of higher net fund based income in FY2022 of RM20,685.1 million as opposed to RM19,089.0 million in FY2021 as a result of stronger financial assets growth.

NET OPERATING INCOME

The Group's net operating income grew 8.5% year-on-year ("YoY"), stood at RM27,615.1 million from RM25,448.4 million in FY2021. The improvement of RM2,166.7 million was significantly attributable to the increase in net interest income of RM1,800.2 million, lower net insurance benefits and claims incurred, net fee and commission expenses and taxation of life and takaful fund of RM239.7 million and higher net earned insurance premiums of RM130.8 million. The increases were, however, offset by lower income from Islamic Banking Scheme ("IBS") operations of RM158.7 million.



NET INTEREST INCOME

The Group's net interest income improved by RM1,800.2 million YoY, mainly attributable to increase in interest income on loans, advances and financing of RM2,972.0 million, offset by an increase in interest expense on deposits from customers of RM1,427.5 million as a result of interest rate hike.

RM' million	FY2021	FY2022	Variance	% Change
Interest Income				
Loans, advances and financing	11,800.7	14,772.7	2,972.0	25.2%
Money at call and deposit and placements with financial institutions	339.3	675.1	335.8	99.0%
Financial investments portfolio	5,130.8	6,095.5	964.7	18.8%
Other interest income	(65.6)	84.3	149.9	>100.0%
	17,205.2	21,627.6	4,422.4	25.7%
Interest Expense				
Deposits and placements from financial institutions	266.3	846.5	580.2	>100.0%
Deposits from customers	3,425.7	4,853.2	1,427.5	41.7%
Borrowings, subordinated notes and bonds and capital securities	1,303.9	1,440.4	136.5	10.5%
Financial liabilities at fair value through profit or loss	107.2	351.8	244.6	>100.0%
Structured deposit	19.9	93.8	73.9	>100.0%
Other interest expense	48.2	207.7	159.5	>100.0%
	5,171.2	7,793.4	2,622.2	50.7%
Net Interest Income	12,034.0	13,834.2	1,800.2	15.0%

INCOME FOR IBS OPERATIONS

Income from IBS operations decreased by RM158.7 million as a result of lower fund-based income of RM204.1 million, mitigated by growth in fee-based income of RM45.3 million.

The lower fund-based income was significantly driven by higher income attributable to depositors of RM878.0 million outpaced the increase in income on financing and advances of RM635.7 million.

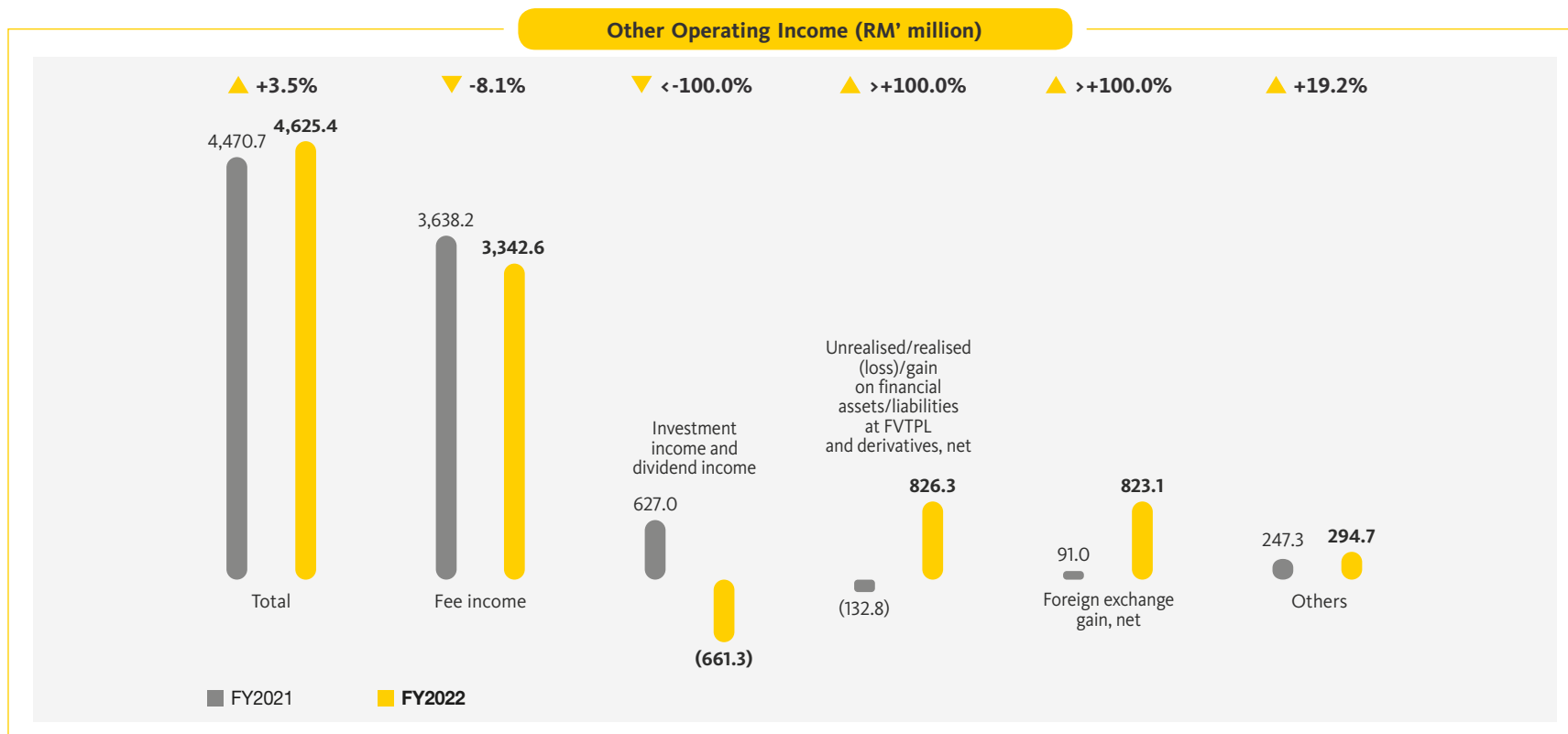
On the other hand, the fee based income increased marginally as a result of foreign exchange gain of RM102.4 million in FY2022 as compared to foreign exchange loss of RM11.2 million in FY2021 mainly from foreign exchange on derivatives, offset by lower net gain on disposal of financial investments portfolio of RM47.3 million.

Analysis of Financial Statements

OTHER OPERATING INCOME

The Group's other operating income increased by RM154.7 million or 3.5% YoY from RM4,470.7 million in FY2021 to RM4,625.4 million in FY2022, mainly due to higher unrealised gain on revaluation of financial liabilities at fair value through profit or loss ("FVTPL") of RM2,755.5 million, higher net foreign exchange gain of RM732.1 million, higher realised gain on derivatives of RM539.0 million, lower unrealised loss on revaluation of financial assets designated upon initial recognition at FVTPL of RM237.4 million and realised loss on financial liabilities at FVTPL of RM138.3 million in FY2021.

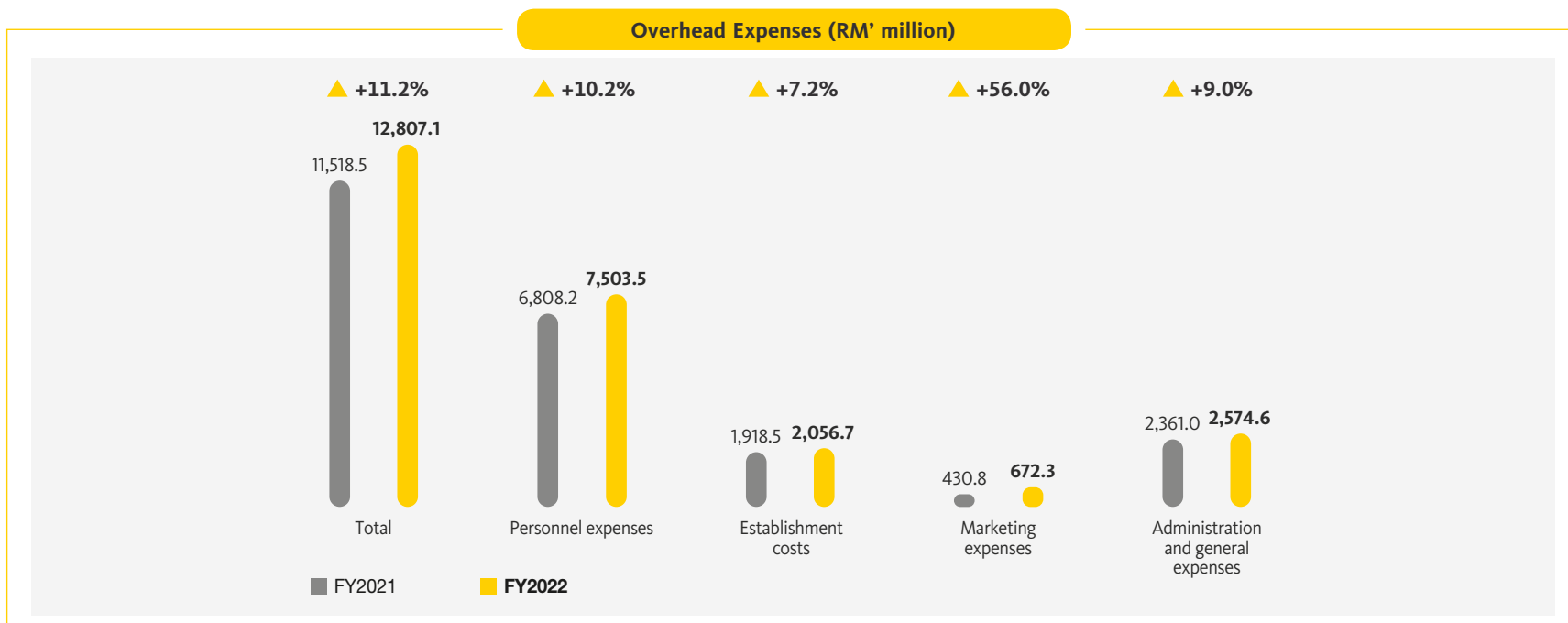
The increases were, however, offset by higher unrealised loss on revaluation of derivatives of RM2,638.6 million, net loss in investment income of RM847.9 million in FY2022 as compared to net gain of RM464.6 million in FY2021 and lower fee income of RM295.6 million.



OVERHEAD EXPENSES

The Group's overhead expenses expanded by RM1,288.6 million or 11.2% YoY from RM11,518.5 million in FY2021 to RM12,807.1 million in FY2022 with cost to income ratio stood at 46.4% in FY2022.

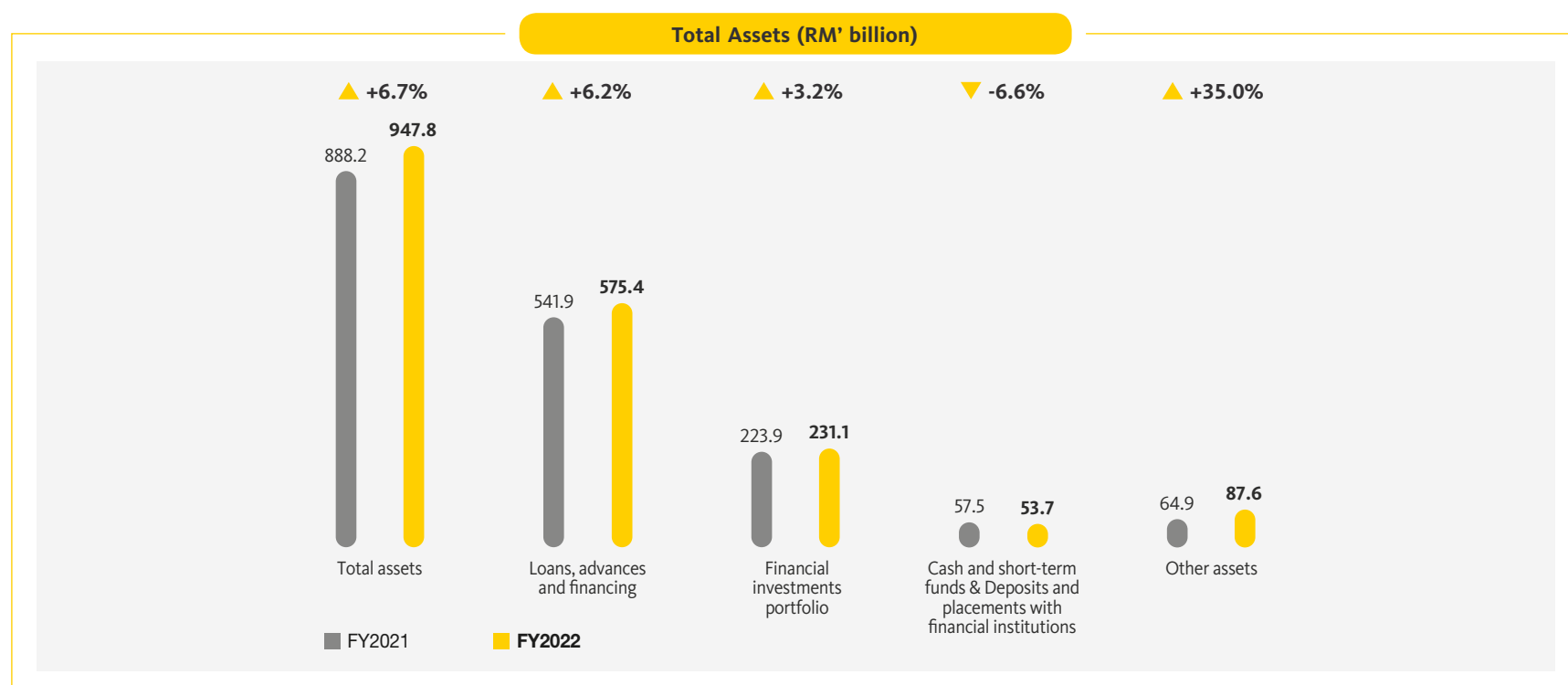
The increase in overhead expenses were contributed by higher personnel costs due to inflationary adjustments, IT expenses and revenue-related spend such as marketing expenses and fees facilitated by improved regional economic activity in FY2022.



REVIEW OF FY2022 FINANCIAL POSITION

TOTAL ASSETS

The Group's total assets grew by RM59.6 billion or 6.7% YoY from RM888.2 billion in FY2021 to RM947.8 billion in FY2022, which was largely driven by the growth in loans, advancing and financing of RM33.5 billion, other assets of RM22.7 billion mainly from derivative assets of RM11.9 billion and statutory deposits with central banks of RM6.3 billion, and financial investments portfolio of RM7.2 billion.



LOANS, ADVANCES AND FINANCING

The Group's loans, advances and financing grew by 6.2% YoY to RM575.4 billion as at 31 December 2022 from RM541.9 billion as at 31 December 2021 was driven by loans growth in key business segment to capitalise on the rising interest rate environment. The increase was attributable to good growth from the Community Financial Services ("CFS") franchise and the Global Banking ("GB") operations across our home markets. For more information, refer to page 45 of Integrated Annual Report.

EXPOSURES TO COVID-19 IMPACTED SECTORS

The table below presents the loans and financing (net of impairment) by industry sectors identified to be on recovery as the pandemic has subsided for the Group and its home markets:

RM' million	Maybank Group		Malaysia		Singapore		Indonesia	
	2021	2022	2021	2022	2021	2022	2021	2022
Retail and wholesale/Trading	5,437.4	4,741.4	1,999.9	1,735.7	2,095.0	1,999.2	103.5	279.0
Accommodation	13,915.7	13,915.6	1,469.5	1,493.6	11,623.5	11,426.3	404.8	219.3
Travel agencies/tourism	864.9	149.7	98.7	55.5	74.6	15.4	8.5	14.6
Airline/Aviation	482.2	609.3	322.2	455.4	22.5	21.9	137.4	132.0
Food and beverage services/restaurants	644.4	588.6	514.9	413.5	108.9	151.8	10.4	3.5
	21,344.6	20,004.6	4,405.2	4,153.7	13,924.5	13,614.6	664.6	648.4

Analysis of Financial Statements

COVID-19 CUSTOMER RELIEF AND SUPPORT MEASURES

The Group and the Bank continue to proactively engage with customers on a targeted basis to extend additional support for those in need.

Summary of relief and support measures for retail and non-retail customers as at 31 December 2022:

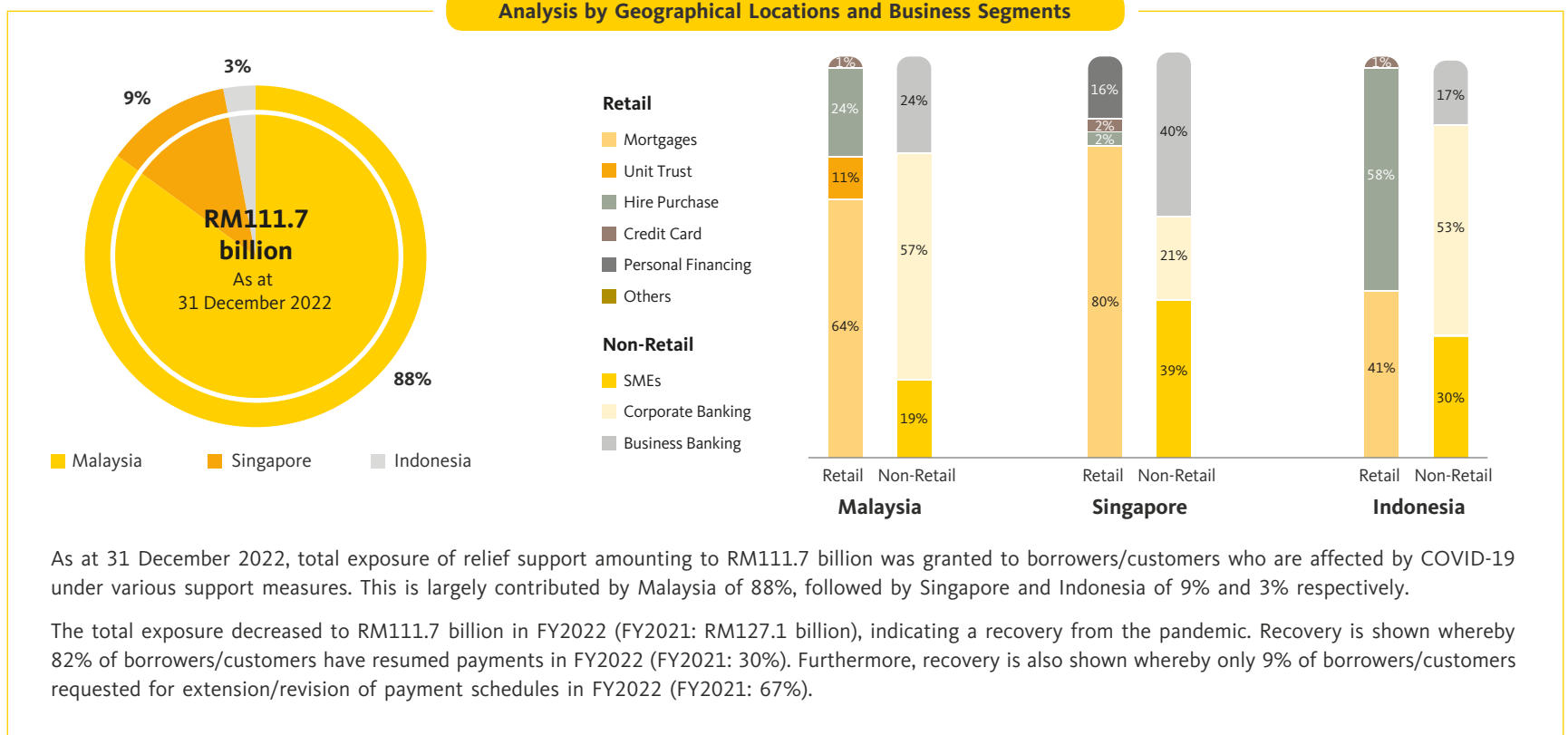
Group RM' million	Retail Customers							Non-retail Customers				Total Relief and Support Measures
	Mortgages	Unit Trust	Hire Purchase	Credit Card	Personal Financing	Others	Total	SMEs	Business Banking	Corporate Banking	Total	
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	36,997.7	5,888.0	13,192.3	463.2	410.9	160.0	57,112.1	12,077.1	14,115.0	28,431.9	54,624.0	111,736.1
Resumed repayments ¹	30,946.3	4,694.0	8,937.2	156.3	377.4	128.0	45,239.2	9,142.3	12,923.0	23,857.0	45,922.3	91,161.5
Extended or repaying as per revised schedules ²	2,912.1	573.0	359.8	271.6	3.4	16.0	4,135.9	2,058.1	384.7	3,009.9	5,452.7	9,588.6
Missed payments ³	3,139.3	621.0	3,895.3	35.3	30.1	16.0	7,737.0	876.7	807.3	1,565.0	3,249.0	10,986.0
<i>As a percentage of total:</i>												
Resumed repayments ¹	84%	80%	68%	34%	92%	80%	79%	76%	92%	84%	84%	82%
Extended or repaying as per revised schedules ²	8%	10%	3%	59%	1%	10%	7%	17%	3%	11%	10%	9%
Missed payments ³	8%	10%	29%	7%	7%	10%	14%	7%	5%	5%	6%	9%

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.

³ Borrowers/customers who have missed payments

Analysis by Geographical Locations and Business Segments



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

Measures have been rolled out in FY2021 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:

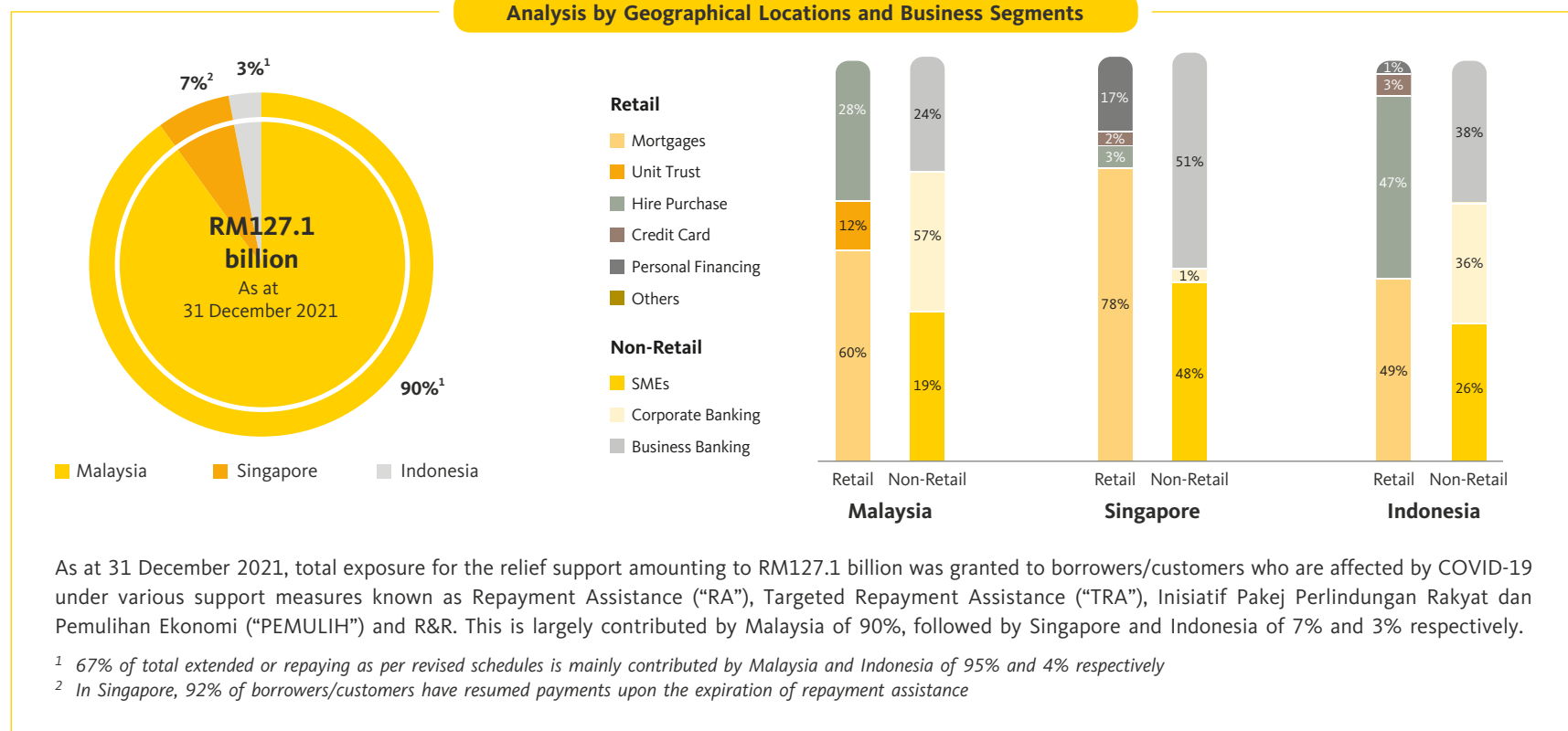
Group RM' million	Retail Customers							Non-retail Customers				Total Relief and Support Measures
	Mortgages	Unit Trust	Hire Purchase	Credit Card	Personal Financing	Others	Total	SMEs	Business Banking	Corporate Banking	Total	
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("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 ¹	11%	8%	0%	0%	73%	39%	8%	20%	17%	90%	55%	30%
Extended or repaying as per revised schedules ²	87%	88%	91%	93%	25%	61%	88%	78%	80%	9%	43%	67%
Missed payments ³	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



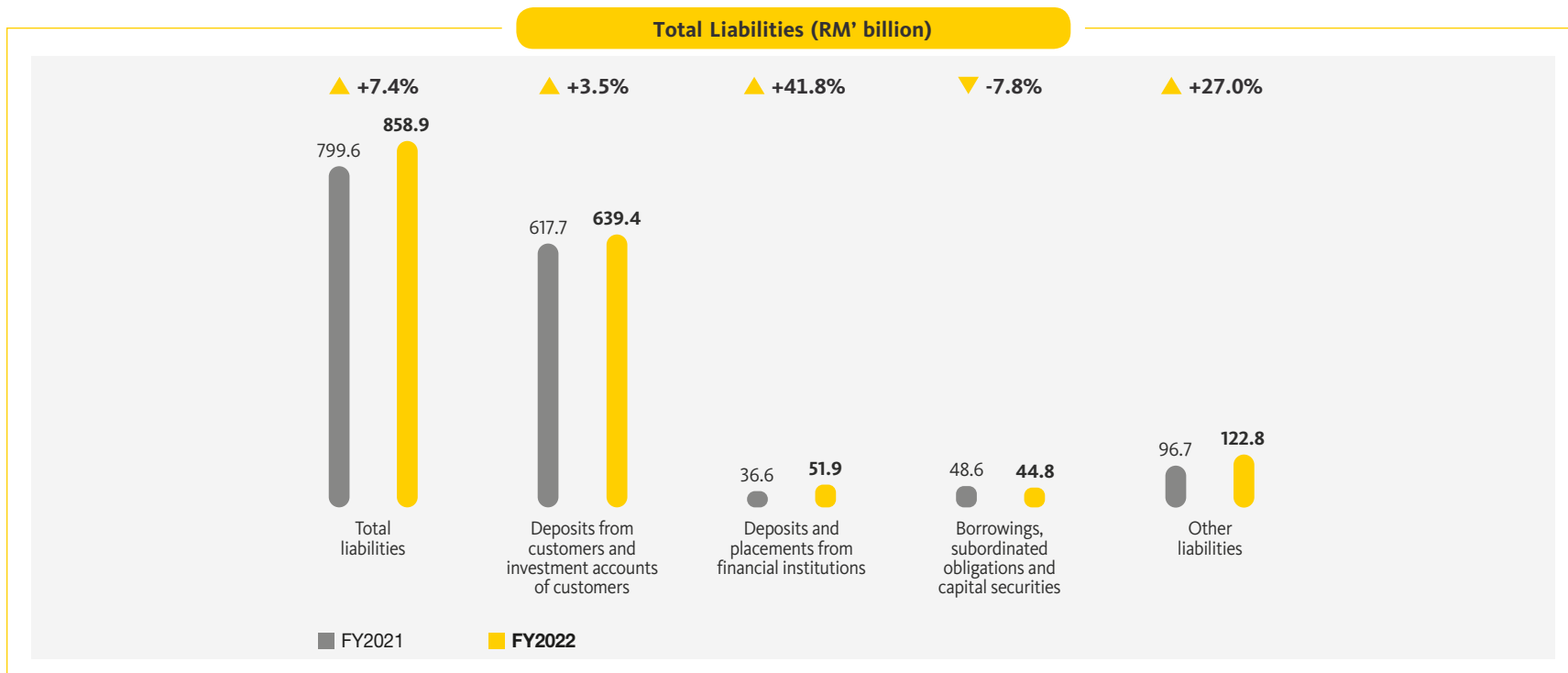
Analysis of Financial Statements

FINANCIAL INVESTMENTS PORTFOLIO

The Group's financial investments portfolio expanded by RM7.2 billion to RM231.1 billion as at 31 December 2022 arising from the growth in financial investments at amortised cost of RM11.2 billion, offset by a reduction in financial investments at fair value through profit or loss of RM2.3 billion and financial investments at fair value through other comprehensive income of RM1.7 billion.

TOTAL LIABILITIES

The Group's total liabilities expanded to RM858.9 billion as at 31 December 2022, an increase of 7.4% or RM59.3 billion. The higher total liabilities was mainly attributable to growth in deposits from customers and investment accounts of customers of RM21.7 billion, deposits and placements from financial institution of RM15.3 billion and other liabilities of RM28.9 billion.



DEPOSITS FROM CUSTOMERS AND INVESTMENT ACCOUNTS OF CUSTOMERS

The Group's deposits from customers and investment accounts of customers saw a growth at 3.5% YoY, led primarily by a 5.4% growth in Malaysia and 0.4% in Singapore mainly driven by the expansion in fixed deposits portfolio. Consequently, Group CASA ratio moderated to 40.9% in FY2022. For more information, refer to page 46 of Integrated Annual Report.

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 2022.

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	12,153,266	8,639,365
Taxation and zakat	(3,780,264)	(1,668,446)
Profit for the financial year	8,373,002	6,970,919
Attributable to:		
Equity holders of the Bank	8,234,949	6,970,919
Non-controlling interests	138,053	-
	8,373,002	6,970,919

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 remaining uncertainties and emerging risks as disclosed in Note 3.4 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Bank since 31 December 2021 (as disclosed in Note 52(c) to the financial statements) were as follows:

	RM'000
In respect of the financial year ended 31 December 2021 as reported in the directors' report of that year:	
A single-tier second interim dividend of 30.0 sen consists of cash portion of 22.5 sen single-tier dividend per ordinary share and an electable portion of 7.5 sen per ordinary share, on 11,878,513,218 ordinary shares, declared on 24 February 2022 and paid on 14 April 2022.	3,563,554
In respect of the financial year ended 31 December 2022:	
A single-tier first interim dividend of 28.0 sen consists of cash portion of 21.0 sen single-tier dividend per ordinary share and an electable portion of 7.0 sen per ordinary share, on 11,970,013,430 ordinary shares, declared on 25 August 2022 and paid on 19 October 2022.	3,351,604
	6,915,158

Subsequent to the financial year end, on 27 February 2023, the Board of Directors declared a single-tier second interim cash dividend in respect of the current financial year ended 31 December 2022 of 30.0 sen single-tier dividend per ordinary share amounting to dividend payable of RM3,616,238,128 (based on 12,054,127,092 ordinary shares issued as at 31 December 2022).

The financial statements for the current financial year ended 31 December 2022 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 2023.

Directors' Report

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. The scheme was administered by the ESGP Committee since its implementation in December 2018 until the said Committee was dissolved and its roles and responsibilities were taken over by the Nomination and Remuneration Committee of the Board ("NRC") with effect from 1 February 2021. Since then, the scheme is administered by the NRC. 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 NRC.

The ESGP Shares is a form of Restricted Share Units ("RSU") and the NRC 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 NRC 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	
30.09.2020 - Third Grant	13,541	Based on 3-year cliff vesting from grant date and performance metrics
30.09.2021 - Fourth Grant	14,084	
30.09.2022 - Fifth Grant	15,472	

(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	
30.09.2020 - Third Grant	5,378	Based on 3-year cliff vesting from grant date and CESGP vesting conditions
30.09.2021 - Fourth Grant	5,616	
30.09.2022 - Fifth Grant	6,006	

* 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 2022, a total of 6,239,900 ESGP Shares and 2,155,100 CESGP under the Second Grant had been vested to a selected group of eligible employees. The remaining grants have not been vested as at 31 December 2022.

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 2022:

Award date	Outstanding as at 01.01.2022	Movements during the financial year			Outstanding as at 31.12.2022
	'000	Awarded '000	Vested '000	Forfeited '000	'000
30.09.2019 - Second Grant	11,707	-	(6,240)	(5,467)	-
30.09.2020 - Third Grant	12,948	-	-	(1,098)	11,850
30.09.2021 - Fourth Grant	14,027	19	-	(884)	13,162
30.09.2022 - Fifth Grant	-	15,472	-	-	15,472
	38,682	15,491	(6,240)	(7,449)	40,484

The following table illustrates the number of, and movements in, CESGP during the financial year ended 31 December 2022:

Award date	Outstanding as at 01.01.2022	Movements during the financial year			Outstanding as at 31.12.2022
	'000	Awarded '000	Vested '000	Forfeited '000	'000
30.09.2019 - Second Grant	4,019	-	(2,155)	(1,864)	-
30.09.2020 - Third Grant	4,693	-	-	(179)	4,514
30.09.2021 - Fourth Grant	5,489	-	-	(313)	5,176
30.09.2022 - Fifth Grant	-	6,006	-	-	6,006
	14,201	6,006	(2,155)	(2,356)	15,696

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 2022.

The names of employees who have been awarded with the ESGP Shares and CESGP during the financial year ended 31 December 2022 and have 312,000 shares and above are as follows:

Name	Number of ESGP Shares awarded '000	Number of CESGP awarded '000
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
Mr Md Farid Kairi	312	-

Directors' Report

31 December 2022

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 2022:

- (i) During the financial year ended 31 December 2022, the Bank increased its issued and paid-up ordinary shares from 11,878,513,218 units to 12,054,127,092 units via:
- (a) Issuance of 91,500,212 new ordinary shares amounting to RM756,237,687 arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the single-tier second interim dividend of 7.5 sen in respect of the financial year ended 31 December 2021, as disclosed in Note 52(c)(i) to the financial statements;
 - (b) Issuance of 77,876,862 new ordinary shares amounting to RM652,185,939 arising from the DRP relating to electable portion of the single-tier first interim dividend of 7.0 sen in respect of the financial year ended 31 December 2022, as disclosed in Note 52(c)(ii) to the financial statements; and
 - (c) Issuance of 6,236,800 new ordinary shares amounting to RM54,447,264 arising from the 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 2022, 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' Khairussaleh bin Ramli (Group President & Chief Executive Officer) (Appointed on 1 May 2022)
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' Zulkiflee Abbas bin Abdul Hamid
Ms Shirley Goh
Tan Sri Abdul Farid bin Alias (Retired on 30 April 2022)
Dato' Idris bin Kechot (Retired on 14 May 2022)

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' 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 01.01.2022	Issued pursuant to ESGP	Issued pursuant to DRP	As at 31.12.2022
Direct interest				
Ms Fauziah binti Hisham	21,068	–	367	21,435
Indirect interest				
Ms Shirley Goh*	10,000	–	90	10,090

* Interest by virtue of shares held by spouse.

	Award date	Number of ESGP Shares awarded				Outstanding as at 31.12.2022
		Outstanding as at 01.01.2022/ Date of appointment	Awarded	Vested	Forfeited	
Dato' Khairussaleh bin Ramli	30.09.2022 - Fifth Grant	–	300,000	–	–	300,000

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")	18 October 2022	Issuer Credit Rating Junior Subordinated Senior Unsecured Senior Unsecured Subordinated	A-/Stable/A-2 BB+ A- A-2 BBB
Moody's Investors Service	01 February 2023	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

Directors' Report

31 December 2022

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	09 December 2022	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 Paper/Medium Term Note Programme (2016/2023)	AAA/Stable/P1
RM10 billion Senior Medium Term Note Programme (2015/-)	AAA/Stable		
Japan Credit Rating Agency	22 December 2022	Foreign Currency Long-term Issuer Rating Outlook Bond	A+ Stable A+

BUSINESS OUTLOOK

The global economy is expected to grow more moderately at 1.9% in 2023 (2022: 3.0%) due to the negative impact of inflation and higher interest rates on the global economy. ASEAN's economic growth is expected to ease but remain above the global average supported by the resurgence of international tourism, resilient intra-Asian trade flows, foreign direct investments (FDI) inflows and China's economic reopening.

Malaysia's economy is estimated to grow at 4.0% in 2023 after a strong 8.7% rebound in 2022, as external trade growth slows in tandem with an expected global economic slowdown. Similarly, domestic demand is set to soften as pent-up spending following the full economic reopening in 2022 dissipates. The key positives for Malaysia's economic growth include the recovery in international tourism, the economic reopening of China, and positive FDI inflows. There is a possibility that the Overnight Policy Rate will increase this year approaching pre-pandemic rate levels.

Singapore's GDP is anticipated to record a lower growth of 1.7% in 2023 (2022: 3.6%) on the back of weakening external demand in the major advanced economies. Economic growth is expected to be driven by the hospitality, aviation, retail, recreation and construction sectors while sectors such as electronics, manufacturing and trade-related services are forecast to slow. As core inflation remains elevated, the Monetary Authority of Singapore may decide to further tighten the monetary policy by re-centering the Singapore dollar nominal effective exchange rate (\$\$NEER).

Indonesia's GDP growth is expected to remain stable at 5.0% in 2023 (2022: 5.3%) supported by steady domestic demand and offset by moderating external demand amid the global slowdown. Inflation is anticipated to remain elevated in the first half of the year on higher transport costs as a result of increased fuel prices, before easing in the second half of 2023. Bank Indonesia will likely hold its policy rate steady as its focus shifts to supporting growth.

Notwithstanding the challenges globally, Maybank Group will continue to focus on opportunities for growth across its consumer and business segments within its ASEAN franchise. The Group will maintain its solid liquidity position to support asset growth, through its current and savings accounts franchise.

Asset quality management will remain a priority of the Group in 2023. To date, the expiry of repayment assistance programmes have not led to any material effect on the Group's asset quality. Maybank will continue to monitor the loan portfolio and remains committed to offering targeted support to customers if needed.

The Group will actively prioritise customer centricity through enhancing end-to-end customer journeys by providing financial solutions and services across various touchpoints. Strategic investments will be channelled to further integrate its digital and physical networks, enhance IT capabilities, and drive regional cross-selling synergies aligned to the M25+ corporate strategy. In supporting its ambition of being a sustainability leader in ASEAN, the Group will focus on capacity-building to support the responsible transition of the Group and its key stakeholders to a low carbon economy. These initiatives include offering sustainable financing and decarbonisation solutions to its customers. In addition, the Group will continue to deepen its Islamic wealth management capabilities by developing Centres of Excellence to lead the Group's aspiration of becoming a Global Islamic Finance leader.

Barring any unforeseen circumstances, the Group targets to achieve a Headline Key Performance Indicator (KPI) of return on equity of between 10.5% and 11% for FY2023.

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 2023 to 27 February 2023.

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 27 February 2023.



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



Dato' Khairussaleh bin Ramli

Statement by Directors

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

We, Tan Sri Dato' Sri Zamzamairani bin Mohd Isa and Dato' Khairussaleh bin Ramli, being two of the directors of Malayan Banking Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 30 to 269 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 2022 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 27 February 2023.



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



Dato' Khairussaleh bin Ramli

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 30 to 269 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.



Khalijah binti Ismail

Subscribed and solemnly declared by the abovenamed Khalijah binti Ismail at Kuala Lumpur in Malaysia on 27 February 2023.

Before me,



No. 43, Leboh Ampang,
50100 City Centre, Kuala Lumpur

Commissioner for Oaths

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 2022 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 30 to 269.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 2022 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 2022, the carrying amount of investment in subsidiaries (Bank only) stood at RM33.9 billion and interest in associates (Group and Bank) stood at RM2.2 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, including remaining COVID-19 uncertainties and emerging risks.</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, including remaining COVID-19 uncertainties and emerging risks.</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)

REPORT ON THE FINANCIAL STATEMENTS (CONT'D.)

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 2022, the loans, advances and financing represent 61% and 47% of the total assets of the Group and of the Bank respectively, and the investments carried at amortised cost and fair value through other comprehensive income represent 20% and 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 remaining COVID-19 uncertainties and emerging risks.</p> <p>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.</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's and the Bank's credit risk management practices.</p> <p>For the measurement of ECL, we assessed and tested reasonableness of the Group's and the Bank's ECL models, including model inputs, model design and model performance for significant portfolios. We challenged whether historic experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, macroeconomic factor analysis and probability-weighted multiple scenarios.</p> <p>We evaluated if changes in modeling approaches, parameters and assumptions are needed and if any changes made were appropriate. We also assessed and tested and monitored the sensitivity of the credit loss provisions to changes in modelling assumptions. In assessing the management overlays applied in the ECL amid current environment with remaining COVID-19 uncertainties and emerging risks, 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 due to remaining COVID-19 uncertainties and emerging risks.</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)

REPORT ON THE FINANCIAL STATEMENTS (CONT'D.)

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.

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

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS (CONT'D.)

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

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.

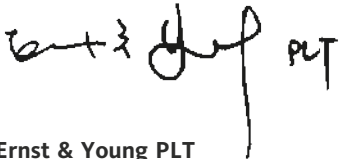
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless 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
27 February 2023



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

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Statements of Financial Position

As at 31 December 2022

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Cash and short-term funds	5	37,573,869	41,483,926	29,590,431	25,725,348
Deposits and placements with financial institutions	6	16,095,978	16,037,048	28,358,259	31,482,634
Financial assets purchased under resale agreements	7(i)	14,968,762	13,491,753	14,330,476	12,079,652
Financial assets designated upon initial recognition at fair value through profit or loss	8	12,822,800	13,181,866	–	–
Financial investments at fair value through profit or loss	9	25,804,000	27,775,493	13,978,475	14,003,854
Financial investments at fair value through other comprehensive income	10	120,706,198	122,393,954	73,551,480	70,663,061
Financial investments at amortised cost	11	71,756,942	60,532,190	46,234,128	41,574,896
Loans, advances and financing to financial institutions	12(i)	1,361,712	1,048,566	31,304,965	30,836,296
Loans, advances and financing to customers	12(ii)	574,025,785	540,839,323	213,831,963	209,286,971
Derivative assets	13	24,686,755	12,757,475	24,293,832	12,498,439
Reinsurance/retakaful assets and other insurance receivables	14	7,041,010	7,515,864	–	–
Other assets	15	11,466,678	8,644,931	7,229,657	3,550,530
Investment properties	16	988,895	975,048	–	–
Statutory deposits with central banks	17	13,777,324	7,514,129	2,728,211	1,695,478
Investment in subsidiaries	18	–	–	33,860,627	33,205,773
Interest in associates and joint ventures	19	2,207,244	2,491,435	438,859	440,730
Property, plant and equipment	20	2,142,065	2,129,989	869,693	882,119
Right-of-use assets	21	1,176,776	1,170,564	550,311	550,126
Intangible assets	22	6,747,125	6,683,461	425,796	406,681
Deferred tax assets	29	2,462,917	1,505,378	1,099,262	468,101
Total assets		947,812,835	888,172,393	522,676,425	489,350,689
Liabilities					
Customers' funding:					
– Deposits from customers	23	614,895,094	588,967,633	274,854,161	276,558,866
– Investment accounts of customers*	64(t)	24,500,981	28,720,799	–	–
Deposits and placements from financial institutions	24	51,893,780	36,583,073	66,794,444	41,567,510
Obligations on financial assets sold under repurchase agreements	7(ii)	15,585,836	7,873,717	26,290,296	24,785,841
Derivative liabilities	13	27,874,325	12,638,175	27,190,450	12,374,656
Financial liabilities at fair value through profit or loss	25	8,317,084	10,696,966	8,317,084	10,696,966
Bills and acceptances payable		1,810,954	1,077,986	1,212,731	430,450
Insurance/takaful contract liabilities and other insurance payables	26	41,914,750	42,093,615	–	–
Other liabilities	27	26,527,065	21,502,096	9,801,242	8,882,522
Provision for taxation and zakat	28	372,176	311,385	–	–
Deferred tax liabilities	29	400,437	539,066	–	–
Borrowings	30	31,736,007	35,548,352	22,486,167	28,289,884
Subordinated obligations	31	10,238,389	10,239,277	9,830,233	9,827,722
Capital securities	32	2,828,817	2,827,832	2,828,817	2,827,832
Total liabilities		858,895,695	799,619,972	449,605,625	416,242,249
Equity attributable to equity holders of the Bank					
Share capital	33	54,619,344	53,156,473	54,619,344	53,156,473
Shares held-in-trust	33(d)	(198)	(1,274)	(198)	(1,274)
Retained profits	34	29,705,461	29,629,726	14,936,379	15,236,418
Reserves	35	1,632,427	3,026,497	3,515,275	4,716,823
		85,957,034	85,811,422	73,070,800	73,108,440
Non-controlling interests		2,960,106	2,740,999	–	–
		88,917,140	88,552,421	73,070,800	73,108,440
Total liabilities and shareholders' equity		947,812,835	888,172,393	522,676,425	489,350,689
Commitments and contingencies	53	1,526,306,198	1,176,244,045	1,422,559,344	1,081,179,600
Net assets per share attributable to equity holders of the Bank		RM7.13	RM7.22	RM6.06	RM6.15

* 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 2022

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating revenue	36	50,913,872	45,959,475	26,611,664	23,181,109
Interest income	37	21,627,555	17,205,258	14,589,344	11,610,664
Interest expense	38	(7,793,342)	(5,171,213)	(6,207,624)	(3,384,660)
Net interest income		13,834,213	12,034,045	8,381,720	8,226,004
Income from Islamic Banking Scheme operations	64(b)	7,413,866	7,572,599	-	-
		21,248,079	19,606,644	8,381,720	8,226,004
Net earned insurance premiums	39	8,977,582	8,846,782	-	-
Dividends from subsidiaries and associates	40	-	-	3,498,845	3,959,559
Other operating income	41	4,625,377	4,470,670	4,329,736	3,004,912
Total operating income		34,851,038	32,924,096	16,210,301	15,190,475
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	42	(7,235,971)	(7,475,699)	-	-
Net operating income		27,615,067	25,448,397	16,210,301	15,190,475
Overhead expenses	43	(12,807,088)	(11,518,539)	(5,752,055)	(5,022,895)
Operating profit before impairment losses		14,807,979	13,929,858	10,458,246	10,167,580
Allowances for impairment losses on loans, advances, financing and other debts, net (Allowances for)/writeback of impairment losses on financial investments, net	45	(2,189,311)	(2,658,541)	(1,895,560)	(2,554,384)
(Allowances for)/writeback of impairment losses on other financial assets, interest in associates and goodwill, net	46	(523,384)	(598,298)	97,193	89,413
	47	(72,868)	27,393	(20,514)	41,351
Operating profit		12,022,416	10,700,412	8,639,365	7,743,960
Share of profits in associates and joint ventures	19	130,850	186,183	-	-
Profit before taxation and zakat		12,153,266	10,886,595	8,639,365	7,743,960
Taxation and zakat	48	(3,780,264)	(2,565,080)	(1,668,446)	(866,058)
Profit for the financial year		8,373,002	8,321,515	6,970,919	6,877,902
Attributable to:					
Equity holders of the Bank		8,234,949	8,096,229	6,970,919	6,877,902
Non-controlling interests		138,053	225,286	-	-
		8,373,002	8,321,515	6,970,919	6,877,902
Earnings per share attributable to equity holders of the Bank					
Basic (sen)	51(a)	68.8	69.7		
Diluted (sen)	51(b)	68.8	69.7		
Dividends per ordinary share held by equity holders of the Bank in respect of the financial year (sen)					
Paid - First interim for financial year ended 31 December 2022	52			28.00	-
Paid - Second interim for the financial year ended 31 December 2021	52			30.00	-
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
Paid - Final for the financial year ended 31 December 2020	52			-	38.50
Declared - Second interim for the financial year ended 31 December 2022	52(a)			30.00	-
Declared - Second interim for the financial year ended 31 December 2021				-	30.00

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

Statements of Comprehensive Income

For the financial year ended 31 December 2022

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the financial year		8,373,002	8,321,515	6,970,919	6,877,902
Other comprehensive loss:					
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial gain	27(i)(b)	40,673	28,694	-	-
Income tax effect	29	(8,485)	(6,426)	-	-
Net gain/(loss) from change in fair value on equity instruments at fair value through other comprehensive income		18,020	(5,910)	21,725	(3,544)
		50,208	16,358	21,725	(3,544)
Items that may be reclassified subsequently to profit or loss:					
Net loss on debt instruments at fair value through other comprehensive income		(2,976,131)	(3,330,589)	(2,132,250)	(2,327,000)
– Net loss from change in fair value		(3,687,864)	(3,780,807)	(2,641,961)	(2,560,698)
– Changes in expected credit losses		(85,020)	(418,316)	(74,295)	(403,914)
– Income tax effect	29	796,753	868,534	584,006	637,612
Net gain on foreign exchange translation		695,340	611,558	490,458	189,292
Net loss on net investment hedge	13	-	(4,687)	-	-
Cost of hedging for fair value hedge	13	49,699	(5,810)	49,699	(5,810)
Net gain on capital reserve		1,140	863	-	-
Net loss on revaluation reserve		(443)	-	-	-
Share of change in associates' reserve		(291,255)	(172,126)	-	-
		(2,521,650)	(2,900,791)	(1,592,093)	(2,143,518)
Other comprehensive loss for the financial year, net of tax		(2,471,442)	(2,884,433)	(1,570,368)	(2,147,062)
Total comprehensive income for the financial year		5,901,560	5,437,082	5,400,551	4,730,840
Other comprehensive loss for the financial year, attributable to:					
Equity holders of the Bank		(2,645,767)	(2,832,798)	(1,570,368)	(2,147,062)
Non-controlling interests		174,325	(51,635)	-	-
		(2,471,442)	(2,884,433)	(1,570,368)	(2,147,062)
Total comprehensive income for the financial year, attributable to:					
Equity holders of the Bank		5,589,182	5,263,431	5,400,551	4,730,840
Non-controlling interests		312,378	173,651	-	-
		5,901,560	5,437,082	5,400,551	4,730,840

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2022

Group	Attributable to equity holders of the Bank										Non-Controlling Interests RM'000	Total Equity RM'000
	Non-distributable								*Retained Profits (Note 34) RM'000	Total Shareholders' 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				
At 1 January 2022	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
Profit for the financial year	-	-	-	-	-	-	-	-	8,234,949	8,234,949	138,053	8,373,002
Other comprehensive (loss)/income	-	-	-	-	(2,874,711)	147,992	-	80,952	-	(2,645,767)	174,325	(2,471,442)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	30,611	-	30,611	1,577	32,188
Share of associates' reserve	-	-	-	-	54,419	(345,674)	-	-	-	(291,255)	-	(291,255)
Net gain on foreign exchange translation	-	-	-	-	-	493,666	-	-	-	493,666	201,674	695,340
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(2,929,130)	-	-	-	-	(2,929,130)	(28,981)	(2,958,111)
Cost of hedging for fair value hedge	-	-	-	-	-	-	-	49,699	-	49,699	-	49,699
Net gain on capital reserve	-	-	-	-	-	-	-	1,085	-	1,085	55	1,140
Net loss on revaluation reserve	-	-	-	-	-	-	-	(443)	-	(443)	-	(443)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(2,874,711)	147,992	-	80,952	8,234,949	5,589,182	312,378	5,901,560
Net loss on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	9,287	-	-	-	(9,287)	-	-	-
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 33(c))	-	-	-	-	-	-	51,208	-	17,326	68,534	-	68,534
Effect of net acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	(5,379)	(5,379)	(765)	(6,144)
Transfer to statutory reserve (Note 35(a))	-	-	96,931	-	-	-	-	-	(96,931)	-	-	-
Transfer to regulatory reserve (Note 35(b))	-	-	-	1,149,798	-	-	-	-	(1,149,798)	-	-	-
Issue of shares pursuant to Maybank Group ESGP	54,447	1,080	-	-	-	-	(55,527)	-	-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 33(b) & (d))	1,408,424	(4)	-	-	-	-	-	-	-	1,408,420	-	1,408,420
Dividends paid (Note 52)	-	-	-	-	-	-	-	-	(6,915,145)	(6,915,145)	(92,506)	(7,007,651)
Total transactions with shareholders/other equity movements	1,462,871	1,076	96,931	1,149,798	9,287	-	(4,319)	-	(8,159,214)	(5,443,570)	(93,271)	(5,536,841)
At 31 December 2022	54,619,344	(198)	429,303	2,465,059	(1,630,719)	499,269	89,687	(220,172)	29,705,461	85,957,034	2,960,106	88,917,140

* 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 2022

Group	Attributable to equity holders of the Bank										Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital (Note 33) RM'000	Non-distributable							*Retained Profits (Note 34) RM'000	Total Shareholders' Equity 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				
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	87,109,627
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.

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

Statement of Changes in Equity

For the financial year ended 31 December 2022

Bank	Attributable to equity holders of the Bank									
	Share Capital (Note 33) RM'000	Non-distributable							Distributable Retained Profits (Note 34) RM'000	Total Equity 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		
At 1 January 2022	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
Profit for the financial year	-	-	-	-	-	-	-	-	6,970,919	6,970,919
Other comprehensive (loss)/income	-	-	-	-	(2,110,525)	490,458	-	49,699	-	(1,570,368)
Net gain on foreign exchange translation	-	-	-	-	-	490,458	-	-	-	490,458
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(2,110,525)	-	-	-	-	(2,110,525)
Cost of hedging for fair value hedge	-	-	-	-	-	-	-	49,699	-	49,699
Total comprehensive (loss)/income for the financial year	-	-	-	-	(2,110,525)	490,458	-	49,699	6,970,919	5,400,551
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 33(c))	-	-	-	-	-	-	51,208	-	17,326	68,534
Transfer to statutory reserve (Note 35(a))	-	-	4,307	-	-	-	-	-	(4,307)	-
Transfer to regulatory reserve (Note 35(b))	-	-	-	368,832	-	-	-	-	(368,832)	-
Issue of shares pursuant to Maybank Group ESGP	54,447	1,080	-	-	-	-	(55,527)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 33(b) & (d))	1,408,424	(4)	-	-	-	-	-	-	-	1,408,420
Dividends paid (Note 52)	-	-	-	-	-	-	-	-	(6,915,145)	(6,915,145)
Total transactions with shareholders/other equity movements	1,462,871	1,076	4,307	368,832	-	-	(4,319)	-	(7,270,958)	(5,438,191)
At 31 December 2022	54,619,344	(198)	79,003	1,549,033	(1,180,242)	2,921,100	89,687	56,694	14,936,379	73,070,800

Bank	Attributable to equity holders of the Bank									
	Share Capital (Note 33) RM'000	Non-distributable							Distributable Retained Profits (Note 34) RM'000	Total Equity 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		
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	-	-	-	-	-	-	-	(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

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

Statements of Cash Flows

For the financial year ended 31 December 2022

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	12,153,266	10,886,595	8,639,365	7,743,960
Adjustments for:				
Share of profits in associates and joint ventures (Note 19)	(130,850)	(186,183)	-	-
Depreciation of property, plant and equipment (Note 43)	297,091	299,986	77,836	89,545
Depreciation of right-of-use assets (Note 43)	511,365	448,564	115,958	110,589
Amortisation of computer software (Note 43)	270,960	281,968	73,519	64,499
Amortisation of agency force (Note 43)	-	756	-	-
Finance costs on lease liabilities (Note 43)	40,769	41,011	14,315	13,021
(Gain)/loss on disposal of property, plant and equipment (Note 41)	(3,999)	103	(1,015)	1,246
Gain on disposal of foreclosed properties (Note 41)	(22,891)	(6,037)	-	-
Net loss on liquidation of a subsidiary (Note 41)	-	7,165	-	-
Net gain on disposal/change in structure of deemed controlled structured entities (Note 41)	-	(8,571)	-	(34,846)
Net loss on dilution of interest in associate (Note 41)	1,752	60,158	-	-
Net loss on disposal of financial assets at fair value through profit or loss (Note 41, Note 64(aa) & (ac))	617,074	14,628	59,077	23,659
Net loss/(gain) on disposal of financial investments at fair value through other comprehensive income (Note 41, Note 64(aa) & (ac))	197,213	(615,087)	(32,567)	(437,716)
Net loss/(gain) on redemption of financial investments at amortised cost (Note 41, Note 64(aa) & (ac))	1,159	(909)	1,159	(10,796)
Modification loss on contractual cash flows arising from financial assets	-	126,854	-	20,016
Amortisation of premiums/(accretion of discounts), net (Note 37, Note 64(aa) & (ac))	282,804	232,170	(117,133)	(125,143)
Unrealised loss on revaluation of financial assets at fair value through profit or loss and derivatives (Note 41, Note 64(aa) & (ac))	3,620,817	1,144,009	2,840,354	568,896
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss (Note 41)	(3,550,781)	(795,287)	(3,550,781)	(795,287)
Allowances for impairment losses on loans, advances and financing, net (Note 45)	2,741,807	2,968,592	2,256,059	2,694,860
Allowances for/(writeback of) impairment losses on other debts (Note 45)	10,886	14,670	(697)	1,444
Allowances for/(writeback of) impairment losses on financial investments, net (Note 46)	523,384	598,298	(97,193)	(89,413)
Allowances for/(writeback of) impairment losses on other financial assets, interest in associates and goodwill, net (Note 47)	72,868	(27,393)	20,514	(41,351)
Dividends from subsidiaries and associates (Note 40)	-	-	(3,498,845)	(3,959,559)
Dividends from financial investments portfolio (Note 41)	(186,561)	(162,374)	(6,441)	(6,189)
ESGP expenses (Note 43)	87,616	98,193	44,662	53,736
Property, plant and equipment written off (Note 43)	5,240	269	222	155
Intangible assets written off (Note 43)	152	17,320	152	1,456
Fair value adjustments on investment properties (Note 41)	(13,531)	(30,301)	-	-
Operating profit before working capital changes	17,527,610	15,409,167	6,838,520	5,886,782
Change in cash and short-term funds with original maturity of more than three months	4,123,799	11,162,459	2,001,790	6,321,216
Change in deposits and placements with financial institutions with original maturity of more than three months	(1,313,737)	(6,606,824)	5,350,628	(16,940,452)
Change in financial assets purchased under resale agreements	(1,474,109)	4,052,173	(2,250,824)	2,769,769
Change in financial investments portfolio	(13,241,595)	(13,806,639)	(9,644,529)	5,117,624
Change in loans, advances and financing	(34,068,618)	(29,097,602)	(6,463,445)	(11,216,970)
Change in other assets	(2,632,574)	1,752,535	(3,482,886)	667,521
Change in statutory deposits with central banks	(6,264,872)	(45,455)	(1,032,733)	(48,412)
Change in deposits from customers	24,637,147	28,599,884	(1,951,116)	24,730,252
Change in investment accounts of customers	(4,219,818)	4,880,003	-	-
Change in deposits and placements from financial institutions	15,310,707	(1,295,793)	25,226,934	6,847,395
Change in obligations on financial assets sold under repurchase agreements	7,712,119	(3,257,498)	1,504,456	(12,136,464)
Change in financial liabilities at fair value through profit or loss	170,018	41,001	170,018	41,001
Change in bills and acceptances payable	732,968	80,323	782,280	(28,167)
Change in other liabilities	5,800,997	1,250,376	1,313,895	1,708,661
Change in reinsurance/retakaful assets and other insurance receivables	476,689	(1,679,288)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	(178,864)	4,398,850	-	-
Cash generated from operating activities	13,097,867	15,837,672	18,362,988	13,719,756
Taxes and zakat paid	(4,190,176)	(2,759,384)	(1,931,270)	(1,225,716)
Net cash generated from operating activities	8,907,691	13,078,288	16,431,718	12,494,040

Statements of Cash Flows

For the financial year ended 31 December 2022

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities				
Purchase of investment properties (Note 16)	(609)	(3,312)	-	-
Purchase of property, plant and equipment (Note 20)	(305,251)	(197,754)	(50,223)	(24,218)
Purchase of intangible assets (Note 22)	(345,500)	(252,751)	(95,153)	(84,886)
Net effect arising from:				
- transaction with non-controlling interests	(6,144)	(6,475)	-	-
- change of structure of an associate	-	-	(1,814)	-
Purchase of additional ordinary shares in existing subsidiaries	-	-	(653,040)	(2,392,931)
Proceeds from disposal of property, plant and equipment	7,412	3,514	1,271	128
Proceeds from disposal of investment properties	137	-	-	-
Proceeds from disposal of deemed controlled structured entities	-	-	-	125,366
Dividends received from:				
- financial investments portfolio (Note 41)	186,561	162,374	6,441	6,189
- associates (Note 40)	-	-	499	896
- subsidiaries (Note 40)	-	-	3,498,346	3,958,663
Net cash (used in)/generated from investing activities	(463,394)	(294,404)	2,706,327	1,589,207
Cash flows from financing activities				
Proceeds from issuance of shares	1,408,420	4,833,336	1,408,420	4,833,336
Repayment of borrowings, net (Note 30)	(3,930,539)	(2,728,211)	(5,797,913)	(4,895,984)
Issuance of subordinated obligations (Note 31)	-	3,309,000	-	3,000,000
Redemption of subordinated obligations (Note 31)	-	(2,163,655)	-	(2,008,500)
Repayment of lease liabilities (Note 27(iv))	(494,739)	(416,733)	(99,629)	(106,930)
Redemption of financial liabilities at fair value through profit or loss (Note 25)	-	(1,393,899)	-	(1,393,899)
Issuance of financial liabilities at fair value through profit or loss (Note 25)	-	2,461,480	-	2,461,480
Dividends paid (Note 52)	(6,915,145)	(9,186,106)	(6,915,145)	(9,186,106)
Dividends paid to non-controlling interests	(92,506)	(90,586)	-	-
Net cash used in financing activities	(10,024,509)	(5,375,374)	(11,404,267)	(7,296,603)
Net (decrease)/increase in cash and cash equivalents	(1,580,212)	7,408,510	7,733,778	6,786,644
Cash and cash equivalents at 1 January	51,882,143	43,813,448	35,122,120	27,902,551
Effects of foreign exchange rate changes	528,551	660,185	354,389	432,925
Cash and cash equivalents at 31 December	50,830,482	51,882,143	43,210,287	35,122,120
Cash and cash equivalents comprise:				
Cash and short-term funds (Note 5)	37,590,175	41,501,456	29,596,878	25,736,157
Deposits and placements with other financial institutions (Note 6)	16,103,382	16,053,824	28,363,641	31,488,613
	53,693,557	57,555,280	57,960,519	57,224,770
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(2,863,075)	(5,673,137)	(14,750,232)	(22,102,650)
Cash and cash equivalents at 31 December	50,830,482	51,882,143	43,210,287	35,122,120

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

Notes to the Financial Statements

31 December 2022

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 27 February 2023.

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 2022. 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.

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(vi).

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 2022

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	10-11 years
Investment management agreements	No amortisation	Indefinite

Additional information on intangible assets is disclosed in Note 22.

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. When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets.

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.

(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.

Notes to the Financial Statements

31 December 2022

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 (cont'd.)

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, as explained in Note 2.3(v)(c)(2).

(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.

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:

(1) 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

(2) 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.

Notes to the Financial Statements

31 December 2022

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.)

(3) 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.

(4) 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.

(5) 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.

(6) 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 in which 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.

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).

2. ACCOUNTING POLICIES (CONT'D.)

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

(v) Financial assets (cont'd.)

(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:

- change in fair value due to own credit risk - presented in other comprehensive income which will not get recycled into profit or loss.
- 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.

(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.

Notes to the Financial Statements

31 December 2022

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.)

(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.

(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.

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.)

(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 classified based on the business model and their contractual terms as outlined in Note 2.3(v)(b).

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

(x) Resale and repurchase agreements

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

Notes to the Financial Statements

31 December 2022

2. ACCOUNTING POLICIES (CONT'D.)

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

(x) Resale and repurchase agreements (cont'd.)

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 2 to 994 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	12% - 50%
Electrical and security equipments	10% - 25%
Motor vehicles	17% - 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 2022.

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 2022

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.

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 2022

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 and/or the Insurer/Takaful operator is notified. Recoveries on reinsurance/retakaful claims are accounted for in the same financial year as the original claims are recognised.

(d) Commission expenses and acquisition costs

For general insurance and takaful business, 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 reinsurers in the course of ceding premiums to reinsurers, are charged to 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 written/contribution received for risks that have not yet expired. The movements in premium/contribution liabilities is released over the term of the insurance contracts/takaful certificates and is recognised as premium/contribution income.

Premium/contribution liabilities for general insurance/takaful business are reported at the higher of the aggregate of the unearned premium/contribution reserves for all lines of business or the best estimate value of the unexpired risk reserves at the end of the financial year.

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.)

(1) Premium/contribution liabilities (cont'd.)

Contribution liabilities for general takaful business are reported at the higher of the aggregate of the unearned contribution reserves for all line of business or the best estimate value of the URR with PRAD at the end of the financial year.

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

UPR/UCR represents the portion of premiums/contributions of insurance contracts/takaful certificates written, net of the related reinsurance/retakaful contributions ceded to qualified insurers/operators, that relate to the unexpired periods of contracts/certificates at the reporting date. In determining the UPR/UCR as 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;
- all other classes of general business, using time-apportionment basis over the period of the risks, reduced by the corresponding percentage of accounted gross direct business commissions to the corresponding premiums/contributions, and;
- 1/24th method for all other classes of treaty business with a deduction of commission.

(3) Unexpired risk reserves ("URR")

The URR is 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 a qualified 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/certificate 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 2022

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 Group'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 comprises the estimated provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") and related claims handling costs. Claim liabilities are measured at best estimate and include a provision of risk margin for adverse deviation ("PRAD") as prescribed by BNM and other guidance notes issued by the local regulators. Provision for claims reported are recognised upon notification by policyholders/participants or claimants. Claim liabilities are determined based upon valuations performed by a qualified actuary, using a range of actuarial claims projection techniques based on, amongst others, actual claims development patterns. Claim liabilities are not discounted except for the Indonesia subsidiary where the claim liabilities are recognised comparing the carrying amount with the estimated future cash outflows, measured using current market discount rates.

(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 of the consideration payable less directly attributable transaction costs. 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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxiii) Interest/profit income and expense (cont'd.)

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

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

(xxiv) Fee and other income

(a) Fee income

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

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

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

(2) Fee income earned from provision of services

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

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

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

Fee income can be divided into the following categories:

(1) Commission

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

(2) Service charges and fees

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

(3) Underwriting fees

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

(4) Brokerage income

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

(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 2022, 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 RM281.2 million (2021: RM222.4 million) and RM216.4 million (2021: RM242.1 million). Whereas, future net fee income of the Bank ranging from 1 year to 3 year and more than 3 years are RM132.1 million (2021: RM154.3 million) and RM175.6 million (2021: RM95.0 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.

Notes to the Financial Statements

31 December 2022

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxv) Employee benefits (cont'd.)

(c) Defined contribution plans

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

(d) Defined benefit plans

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

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

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

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

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

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

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

(e) Share-based compensation

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

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

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.

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxvi) Non-current assets (or disposal group) held for sale and discontinued operations (cont'd.)

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

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

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

(xxvii) Share capital and dividends declared

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

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

(xxviii) Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose its existence when inflows of economic benefits are probable but not virtually certain.

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

(xxix) Earnings per share

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

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

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

Where there is a discontinued operation reported, the Group presents the basic and diluted amounts per share for the discontinued operation 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 2022, the Group and the Bank adopted the following amendments to MFRSs:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018 - 2020	
(i) MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i> - Subsidiary as a first-time adopter	1 January 2022
(ii) MFRS 9 <i>Financial Instruments</i> - Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment</i> - <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 3 <i>Business Combination</i> - <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> - <i>Onerous Contract</i> - <i>Cost of Fulfilling a Contract</i>	1 January 2022

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2. ACCOUNTING POLICIES (CONT'D.)

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

Annual Improvements to MFRS Standards 2018 - 2020

(i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(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 D16(a) of MFRS 1. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment does not have any impact on the financial statements of the Group and of the Bank.

(ii) MFRS 9 *Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf when performing the 10% test for the derecognition of financial liabilities.

The amendment is applicable to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the amendment is applied. The amendment does not have any impact on the financial statements of the Group and of the Bank.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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 do not have any impact on the financial statements of the Group and of the Bank.

Amendments to MFRS 3 *Business Combination - Reference to the Conceptual Framework*

The amendments replace a reference to the Framework for the Preparation and Presentation of Financial Statements with a reference to the current 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 amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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 occurred 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 do not have any impact on the financial statements of the Group and of the Bank.

2.5 Significant changes in regulatory requirements

Measures to assist borrowers/customers affected by COVID-19 pandemic

(a) Financial Management and Resilience Programme ("URUS")

Pursuant to the statement issued by the Prime Minister of Malaysia 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' onboarding 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, Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan ("PEMERKASA+"), Pakej Perlindungan Rakyat dan Pemulihan Ekonomi ("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.

2. ACCOUNTING POLICIES (CONT'D.)

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

Measures to assist borrowers/customers affected by COVID-19 pandemic (cont'd.)

(b) Extension of the loan relaxation policy in Indonesia

Otoritas Jasa Keuangan (“OJK”) which is the Financial Services Authority in Indonesia, had on 28 November 2022 announced an extension of the COVID-19 relaxation policy which includes loan restructuring and repayment assistance to targeted segments, sectors or industries in view of the ongoing COVID-19 pandemic and uncertain economic environment both locally and globally. The extension will apply to micro, small and medium businesses, sector that provides accommodation and food and beverage, as well as labour-intensive industries like textile and footwear. The relief assistance will continue to be in effect until 31 March 2024.

For the previous financial year ended 31 December 2021, there were also other repayment assistance programmes offered in line with the regulatory measures announced by Bank Negara Malaysia (“BNM”). These included:

- (i) Enhanced targeted repayment assistance under Perlindungan Ekonomi dan Rakyat Malaysia (“PERMAI”);
- (ii) Targeted repayment assistance under PEMERKASA+; and
- (iii) Six-month moratorium under PEMULIH.

The application for the PERMAI, PEMERKASA+ and PEMULIH programmes ended in the financial year ended 31 December 2021.

The financial impact of the remaining targeted repayment assistance and moratorium to the income statements of the Group and of the Bank is reported as part of modification loss as disclosed in Note 37.

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 remaining uncertainties of COVID-19 and emerging risks involved significant level of judgement and reflect the management’s views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes. The impact is outlined in Note 3.4.

3.3 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;

Notes to the Financial Statements

31 December 2022

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

3.4 Impairment losses on loans, advances and financing (Notes 12, 27 and 45) (cont'd.)

Elements of the ECL models that are considered accounting judgements and estimates include (cont'd.):

- (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

As the current MFRS 9 models are being recalibrated and not expected to generate levels of ECL with sufficient reliability yet in view of remaining COVID-19 uncertainties and emerging risks from the current economic environment, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL as of the financial year end.

These overlays and post-model adjustments were taken to reflect the following risk factors not captured in the modelled outcome:

- (a) Latest macroeconomic outlook given the elevated uncertainty under high inflation and interest rate environment;
- (b) High risk and vulnerable sectors; and
- (c) Potential impact to delinquencies and defaults upon expiry of the various COVID-19 pandemic relief and support measures.

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 drivers of the management judgemental adjustments continue to evolve with the economic environment.

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 other risk trigger or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 or initial status. The overlays and post-model adjustments are made at both portfolio and individual obligor levels in determining the sufficient level of ECL overlay.

The impact of these post-model adjustments were estimated at both portfolio and vulnerable obligors level amount to RM3,887.8 million (2021: RM3,403.2 million) for the Group and RM2,881.8 million (2021: RM1,909.4 million) for the Bank as at 31 December 2022.

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.

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.

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

3.8 Deferred tax (Note 29) and income tax (Note 48) (cont'd.)

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(xxix).

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.

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
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 16 <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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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 retrospectively 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 used 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 to transactions that occur on or after the beginning of the earliest comparative period presented. 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* for annual periods on or after 1 January 2023. The Group will restate comparative information for 2022 applying the transitional provisions to MFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

(i) Changes to classification and measurement

The adoption of MFRS 17 did not change the classification of the Group's Insurance contracts/takaful certificates.

Under MFRS 17 the Group is required to:

- Identify insurance contracts/takaful certificates as those under which the Group accepts significant insurance/takaful risk from another party (the policyholder/participants) by agreeing to compensate the policyholder/participants if a specified uncertain future event (the insured event) adversely affects the policyholder/participants;
- Separate specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts/takaful certificates and accounts for them in accordance with other standards;
- Divide the insurance/takaful and reinsurance contracts/retakaful certificates into groups it will recognise and measure;
- Recognise and measure groups of insurance contracts/takaful certificates at a risk-adjusted present value of the future cash flows (the fulfilment cash flows), that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information plus an amount representing the unearned profit in the group of contracts/certificates (the contractual service margin or "CSM");
- Recognise profit from a group of insurance contracts/takaful certificates over the period the Group provides insurance coverage. If a group of contracts is expected to be onerous (i.e. loss making) over the remaining coverage period, the Group recognises the loss immediately; and
- Recognise an asset for insurance/takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts/takaful certificates is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts/takaful certificates.

MFRS 17 provides comprehensive guidance on accounting for insurance contracts/takaful certificates issued, reinsurance contracts/retakaful certificates held, and investment contracts with discretionary participation features through three new measurement models. The Group will apply the following measurement models in measuring the various insurance contracts/takaful certificates it issues:

(a) Premium Allocation Approach ("PAA")

For those policies/certificates with contract boundary of less than one (1) year coverage period and that pass the PAA eligibility test.

(b) General Measurement Model ("GMM")

GMM is the default measurement model for policies/certificates valued using fulfilment cash flows (the present value of expected cash flows, plus a risk adjustment), offset by the contractual service margin which represents unearned profit the insurer recognises as it provides services under the contract.

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

MFRS 17 Insurance Contracts (cont'd.)

(i) Changes to classification and measurement (cont'd.)

MFRS 17 provides comprehensive guidance on accounting for insurance contracts/takaful certificates issued, reinsurance contracts/retakaful certificates held, and investment contracts with discretionary participation features through three new measurement models. The Group will apply the following measurement models in measuring the various insurance contracts/takaful certificates it issues (cont'd.):

(c) Variable Fee Approach ("VFA")

VFA deals with policies/certificates from the participating business where payments to policyholders are contractually linked to and substantially vary with the underlying items.

The Group will apply the PAA or GMM for all the reinsurance contracts/retakaful certificates held depending on the contract boundary of the respective contracts/treaty.

(ii) Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance/takaful and reinsurance/retakaful contracts/certificates held, respectively and presents separately:

- Groups of insurance contracts/takaful certificates issued, including reinsurance/retakaful contracts that are assets;
- Groups of insurance contracts/takaful certificates issued, including reinsurance/retakaful contracts, that are liabilities;
- Groups of reinsurance contracts/retakaful certificates held that are assets; and
- Groups of reinsurance contracts/retakaful certificates held that are liabilities.

The Groups referred above are those established at initial recognition in accordance with the MFRS 17 requirements. Groups of insurance contracts/takaful certificates issued include any assets for insurance/takaful acquisition cash flows.

The disclosure of line items in the income statement of the Group will change upon adoption of MFRS 17. Under MFRS 4, the Group reports the following line items:

- Net earned insurance premiums; and
- Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund.

Upon adoption of MFRS 17, the Group will present the following items under the income statement:

- Net insurance service results; and
- Net insurance/takaful finance income or expenses.

The Group is also required to disclose qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts/takaful certificates; and
- Significant judgements and changes in those judgements, when applying the standard.

(iii) Transition

MFRS 17 including the amendments introduced in the Amendments to MFRS 17 are 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. The Group shall apply the retrospective approach for estimating the CSM on the transition date. However, if full retrospective application for estimating the CSM, as defined by MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for a group of insurance contracts, is impracticable, an entity is required to apply either the modified retrospective approach or fair value approach.

On transition date, 1 January 2022, the Group will:

- Identify, recognise and measure each group of insurance/takaful and reinsurance contracts/retakaful certificates as if MFRS 17 had always applied (unless impracticable, refer Notes (b) Modified retrospective approach and (c) Fair value approach);
- Identify, recognise and measure assets for insurance/takaful acquisition cash flows as if MFRS 17 had always applied;
- Derecognise any existing balances that would not exist had MFRS 17 always applied; and
- Recognise any resulting net difference in equity.

(a) Full retrospective approach

On transition to MFRS 17, the Group will apply the full retrospective approach unless impracticable. To achieve this, the Group is required to use data/assumptions and full history up-to-date of transaction, for each group of contracts/certificates.

(b) 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.

(c) Fair value approach

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

Amendment to MFRS 9 as a result of MFRS 17 implementation

The Group has adopted the MFRS 9 overlay approach in year 2018 where under the amendment, the Group was permitted to reclassify the financial assets from fair value through profit or loss ("FVTPL") to fair value through other comprehensive income ("FVOCI"). MFRS 17 allows an election for the effect of changes in discount rates to be recognised through Profit & Loss or through Other Comprehensive Income. Accordingly, the Group has to be cognisant of its balance sheet management strategies and the accounting treatment under MFRS 9 of the assets used for these strategies as these will impact the Group's statement of comprehensive income. Choices will impact the volatility of the income statements and net asset positions.

Anticipated impact to the Group

The application of MFRS 17 is expected to improve the Group's financial reporting as it aims to enable reporting of meaningful as well as comparable information that:

- Provides up-to-date market consistent information of obligation including value of options and guarantees;
- Reflects time value of money;

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

MFRS 17 Insurance Contracts (cont'd.)

Anticipated impact to the Group (cont'd.)

The application of MFRS 17 is expected to improve the Group's financial reporting as it aims to enable reporting of meaningful as well as comparable information that (cont'd.):

- Uses assumption in the valuation of insurance contract liabilities that reflect the characteristics of the insurance contract rather than the risk related to asset/investment;
- Provides separate information about the investment and underwriting performance; and
- Promotes recognition of underwriting revenue and expenses over time, in a comparable way to other non-insurance business.

BNM has indicated that current valuation guidelines and risk-based capital requirements will continue to be applicable for the next few years. The Group has conducted an impact assessment on the capital requirement based on the Quantitative Impact Study ("QIS") in accordance to the Valuation Exposure Draft ("ED") issued by BNM, which is consistent with the MFRS 17 approach. The results of the QIS indicates that the Group has an adequate amount of capital to deal with unexpected losses.

The adoption of MFRS 17 is not expected to have a notable impact on pricing and product strategies for the Group as the standard does not impact the fundamental economics of the insurance/takaful business, financial strength or claims paying ability of the Group. Accordingly, we do not expect significant changes to the insurance/takaful business strategy.

MFRS 17 introduces a fundamental concept known as the CSM, representing the present value of the expected future profits an insurer/takaful operator expects to earn as it provides services under the contracts. While there is a range of outcomes for the CSM and all other changes impacting insurance contract/takaful contract liabilities, the main impact to equity is expected to

result from establishing a CSM on the in-force business. The deferral of the recognition of new business gains via the CSM is expected to shift earnings out into future periods. Based on the parallel run using the latest available information, the adoption of MFRS 17 is not expected to have a significant impact to the Group's profit before tax. The final impacts are still being assessed and may be adjusted as necessary.

Amendments to MFRS 16 Leases - Lease Liability in Sale and Leaseback

The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendment applies retrospectively to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The amendments are not expected to have material impact on the Group's and the Bank's financial statements.

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash balances and deposits with financial institutions	35,098,247	38,462,472	29,596,878	25,736,157
Money at call	2,491,928	3,038,984	–	–
Allowances for impairment losses	37,590,175 (16,306)	41,501,456 (17,530)	29,596,878 (6,447)	25,736,157 (10,809)
	37,573,869	41,483,926	29,590,431	25,725,348

The Group's monies held-in-trust for clients as at the reporting date are approximately RM4,214,012,000 (2021: RM4,941,615,000). 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.

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:

As at 31 December 2022

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 2022 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; and
- The Bank's overall gross carrying amount for cash and short-term funds increased as a result of recognition of new financial assets originated with lower credit risk which correspondingly decreased the ECL allowances.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Group				
At 1 January 2022	17,530	–	–	17,530
Net remeasurement of allowances	(1,250)	–	–	(1,250)
Exchange differences	26	–	–	26
At 31 December 2022	16,306	–	–	16,306
Bank				
At 1 January 2022	10,809	–	–	10,809
Net remeasurement of allowances	(3,187)	–	–	(3,187)
Exchange differences	(1,175)	–	–	(1,175)
At 31 December 2022	6,447	–	–	6,447

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; and
- 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.

	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	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

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6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Licensed banks		5,558,628	5,044,101	19,327,523	20,987,351
Bank Negara Malaysia		209,088	234,623	209,088	234,623
Other financial institutions	(i)	10,335,666	10,775,100	8,827,030	10,266,639
Allowances for impairment losses	(ii)	16,103,382 (7,404)	16,053,824 (16,776)	28,363,641 (5,382)	31,488,613 (5,979)
		16,095,978	16,037,048	28,358,259	31,482,634

- (i) Included in deposits and placements with other financial institutions is USD20.0 million (2021: USD10.0 million) or Ringgit Malaysia equivalent of RM88.1 million (2021: RM41.7 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 2022

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 2022 were mainly due to the following:

- The Group's overall gross carrying amount for deposits and placements with financial institutions increased as a result of recognition of new financial assets; and
- The Bank's gross carrying amount for deposits and placements with financial institutions decrease was mainly contributed by the decrease in the deposits and placements with licensed banks and other financial institutions which contributed to an overall decrease in the ECL allowances.

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Group				
At 1 January 2022	16,776	-	-	16,776
Net remeasurement of allowances	(1,067)	-	-	(1,067)
New financial assets originated or purchased	2,326	-	-	2,326
Financial assets derecognised	(12,870)	-	-	(12,870)
Exchange differences	2,239	-	-	2,239
At 31 December 2022	7,404	-	-	7,404
Bank				
At 1 January 2022	5,979	-	-	5,979
Net remeasurement of allowances	(1,646)	-	-	(1,646)
New financial assets originated or purchased	2,326	-	-	2,326
Financial assets derecognised	(2,947)	-	-	(2,947)
Exchange differences	1,670	-	-	1,670
At 31 December 2022	5,382	-	-	5,382

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 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 deposits and placements with financial institutions was mainly contributed by higher deposits and placements which carry low credit risk that did not significantly contribute to ECL allowances; and
- 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 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	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

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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Foreign Government Securities		14,239,789	12,126,099	14,030,200	11,738,094
Foreign Government Bonds		435,337	1,034,114	-	-
Foreign Corporate Bonds and Sukuk		29,071	342,980	29,071	342,980
Malaysian Government Securities		19,001	-	19,001	-
Malaysian Government Investment Issues		254,425	-	254,425	-
		14,977,623	13,503,193	14,332,697	12,081,074
Allowances for impairment losses	(a)	(8,861)	(11,440)	(2,221)	(1,422)
		14,968,762	13,491,753	14,330,476	12,079,652

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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:

As at 31 December 2022

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 2022 were mainly due to the following:

– The increase in the gross carrying value was mainly contributed by Foreign Government Securities. The overall decrease in ECL allowances for financial assets purchased under resale agreements was mainly due to financial assets derecognised during the year.

	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 2022	11,440	–	–	11,440
New financial assets originated or purchased	8,695	–	–	8,695
Financial assets derecognised	(11,594)	–	–	(11,594)
Exchange differences	320	–	–	320
At 31 December 2022	8,861	–	–	8,861
Bank				
At 1 January 2022	1,422	–	–	1,422
New financial assets originated or purchased	2,173	–	–	2,173
Financial assets derecognised	(1,481)	–	–	(1,481)
Exchange differences	107	–	–	107
At 31 December 2022	2,221	–	–	2,221

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.

	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	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

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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.)

	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				
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

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

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial investments at fair value through profit or loss	9	1,222,428	1,088,579	1,222,428	1,088,579
Financial investments at fair value through other comprehensive income	10(ii)	12,854,486	4,039,496	23,590,616	19,572,658
Financial investments at amortised cost	11(v)	1,508,922	2,745,642	1,477,252	4,124,604
		15,585,836	7,873,717	26,290,296	24,785,841

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

At fair value	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Money market instruments:				
Malaysian Government Securities	407,092	344,976	-	-
Malaysian Government Investment Issues	468,099	369,397	-	-
	875,191	714,373	-	-
Quoted securities:				
In Malaysia:				
Unit trusts	3,932	3,932	-	-
Outside Malaysia:				
Shares, warrants and loan stocks	18,790	164	-	-
	22,722	4,096	-	-
Unquoted securities:				
In Malaysia:				
Corporate Bonds and Sukuk	11,764,213	12,248,561	-	-
Outside Malaysia:				
Corporate Bonds and Sukuk	160,674	214,836	-	-
	11,924,887	12,463,397	-	-
Total financial assets designated upon initial recognition at FVTPL	12,822,800	13,181,866	-	-

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	1,563,979	918,886	1,523,469	918,886
Malaysian Government Investment Issues	317,298	309,362	275,496	307,855
Cagamas Bonds	–	570,931	–	570,931
Foreign Government Securities	4,631,204	3,458,086	4,493,485	2,901,655
Malaysian Government Treasury Bills	1,648,435	4,079,504	1,648,435	3,420,385
Bank Negara Malaysia Bills and Notes	241,757	614,280	241,757	614,280
	8,402,673	9,951,049	8,182,642	8,733,992
Quoted securities:				
In Malaysia:				
Shares, warrants, mutual funds and loan stocks	2,910,063	7,160,590	–	–
Unit trusts	328,970	486,454	240,453	286,570
Outside Malaysia:				
Shares, warrants, mutual funds and loan stocks	4,255,594	564,089	66	237
Unit trusts	1,273,604	933,960	274,087	291,503
Corporate Bonds and Sukuk	1,529,483	1,576,604	–	–
Government Bonds	247,533	612,151	–	–
Government Treasury Bills	177,957	568,183	–	–
	10,723,204	11,902,031	514,606	578,310
Unquoted securities:				
In Malaysia:				
Shares	972,960	967,356	715,908	700,280
Unit trusts	29,003	5,078	–	–
Corporate Bonds and Sukuk	1,768,316	1,014,406	1,079,658	345,271
Structured deposits	155,582	186,197	–	–
Outside Malaysia:				
Shares	369	382	–	–
Mutual funds	92,814	124,351	–	–
Corporate Bonds and Sukuk	2,906,292	1,761,223	2,732,874	1,782,581
Government Bonds	752,787	1,863,420	752,787	1,863,420
	6,678,123	5,922,413	5,281,227	4,691,552
Total financial investments at FVTPL	25,804,000	27,775,493	13,978,475	14,003,854

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Foreign Corporate Bonds and Sukuk	182,458	201,098	182,458	201,098
Foreign Government Securities	627,098	887,481	627,098	887,481
Foreign Government Treasury Bills	412,872	–	412,872	–
Total (Note 7(ii))	1,222,428	1,088,579	1,222,428	1,088,579

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	11,745,562	10,599,757	11,327,132	10,225,806
Malaysian Government Investment Issues	21,835,585	19,122,254	8,531,351	7,336,288
Negotiable instruments of deposits	4,991	11,473	–	–
Foreign Government Securities	19,531,047	16,144,063	9,125,421	5,418,045
Foreign Government Treasury Bills	4,778,217	14,976,441	2,155,557	6,026,800
Khazanah Bonds	55,874	283,502	55,874	253,889
Cagamas Bonds	166,245	124,727	166,245	124,727
	58,117,521	61,262,217	31,361,580	29,385,555
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	194,460	79,854	18,029	15,490
Outside Malaysia:				
Shares, warrants and loan stocks	–	33	–	–
Corporate Bonds and Sukuk	4,152,346	4,432,456	–	–
Government Bonds	2,185,941	586,530	–	–
	6,532,747	5,098,873	18,029	15,490
Unquoted securities:				
In Malaysia:				
Shares and loan stocks	353,597	334,722	341,113	320,093
Government Bonds	1,343,430	418,458	1,343,430	418,458
Corporate Bonds and Sukuk	27,063,652	24,329,837	15,286,933	13,149,845
Outside Malaysia:				
Shares	3,806	3,710	–	–
Government Bonds	15,704,130	17,045,506	15,118,709	16,685,586
Corporate Bonds and Sukuk	11,587,315	13,900,631	10,081,686	10,688,034
	56,055,930	56,032,864	42,171,871	41,262,016
Total financial investments at FVOCI	120,706,198	122,393,954	73,551,480	70,663,061

- (i) Effective from 31 December 2022, holdings of Malaysian Government Securities and Malaysian Government Investment Issues were no longer recognised as part of Statutory Reserve Account (“SRA”) balance. The amount recognised in the previous financial year ended 31 December 2021 for the Group was RM170.0 million and for the Bank was RM160.0 million.
- (ii) Included in financial investments at fair value through other comprehensive income are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian Government Securities	5,828,829	1,741,209	5,828,829	1,741,209
Malaysian Government Investment Issues	4,355,193	–	6,016,603	8,203,325
Corporate Bonds and Sukuk	–	–	–	765,449
Foreign Corporate Bonds and Sukuk	1,270,363	1,847,677	4,277,539	3,126,133
Foreign Government Treasury Bills	51,365	–	51,365	1,792,459
Foreign Government Bonds	1,348,736	308,804	2,471,007	308,804
Foreign Government Securities	–	141,806	4,825,550	3,635,279
Malaysian Government Bonds	–	–	119,723	–
Total (Note 7(ii))	12,854,486	4,039,496	23,590,616	19,572,658

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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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within one year	13,136,176	21,043,390	3,884,073	7,891,562
One year to three years	6,914,924	10,512,967	3,659,786	4,067,586
Three years to five years	10,527,645	6,345,076	7,062,133	2,845,116
After five years	27,538,776	23,360,784	16,755,588	14,581,291
	58,117,521	61,262,217	31,361,580	29,385,555

(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 2022

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 2022 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 for the Group and the Bank correspondingly increased the ECL allowances;
- The increase in the ECL for Stage 2 and 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 investments amounted to RM26.0 million for the Group resulted in the reduction of Stage 3 ECL; and
- The amount related to insurance/takaful contract liabilities contributed by Foreign Corporate Bonds of RM96.7 million.

	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 2022	31,279	1,766	124,367	157,412
Transferred to Stage 2	(990)	990	-	-
Net remeasurement of allowances	(1,384)	2,193	147,379	148,188
New financial assets originated or purchased	9,434	3,395	-	12,829
Financial assets derecognised	(9,103)	-	(154)	(9,257)
Changes in models/risk parameters	(45)	-	-	(45)
Amount related to insurance/takaful contract liabilities	-	-	(96,741)	(96,741)
Amount written off	-	-	(26,037)	(26,037)
Exchange differences	271	-	786	1,057
At 31 December 2022	29,462	8,344	149,600	187,406
Bank				
At 1 January 2022	17,448	204	96,718	114,370
Transferred to Stage 2	(35)	35	-	-
Net remeasurement of allowances	(2,341)	(57)	43,201	40,803
New financial assets originated or purchased	4,381	3,028	-	7,409
Financial assets derecognised	(2,765)	-	-	(2,765)
Changes in models/risk parameters	(6)	-	-	(6)
Exchange differences	246	-	-	246
At 31 December 2022	16,928	3,210	139,919	160,057

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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 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; and
- 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	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

The contractual outstanding amount on financial investments at FVOCI that was written off during the financial year, and is still subject to recovery activities is RM26.0 million (2021: RM9.8 million) for the Group and nil (2021: nil) for the Bank.

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

	Group		Bank	
	2022 RM’000	2021 RM’000	2022 RM’000	2021 RM’000
Quoted Securities:				
In Malaysia	194,460	79,854	18,029	15,490
Outside Malaysia	–	33	–	–
	194,460	79,887	18,029	15,490
Unquoted Securities:				
In Malaysia	353,597	334,722	341,113	320,093
Outside Malaysia	3,806	3,710	–	–
	357,403	338,432	341,113	320,093
	551,863	418,319	359,142	335,583

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

(v) Equity instruments at fair value through other comprehensive income are as follows (cont’d.):

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 investments at FVOCI and recorded loss on disposal of RM9.3 million (2021: gain RM14.5 million) and nil (2021: gain RM0.6 million) respectively.

11. FINANCIAL INVESTMENTS AT AMORTISED COST

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Money market instruments:					
Malaysian Government Securities		12,357,726	9,639,927	12,357,624	9,639,825
Malaysian Government Investment Issues		24,691,751	19,369,681	9,254,337	8,123,415
Foreign Government Securities		3,488,456	2,247,712	270,289	–
Khazanah Bonds		592,145	870,534	46,262	44,133
Cagamas Bonds		175,710	50,259	50,242	50,259
		41,305,788	32,178,113	21,978,754	17,857,632
Unquoted securities:					
In Malaysia:					
Corporate Bonds and Sukuk		28,496,001	26,113,291	21,158,007	20,523,417
Outside Malaysia:					
Corporate Bonds and Sukuk		1,208,594	2,065,136	2,270,632	3,238,385
Government Bonds		2,244,819	1,303,177	846,006	117,308
		31,949,414	29,481,604	24,274,645	23,879,110
Allowances for impairment losses	(iv)	(1,498,260)	(1,127,527)	(19,271)	(161,846)
Total financial investments at amortised cost		71,756,942	60,532,190	46,234,128	41,574,896

(i) Effective from 31 December 2022, holdings of Malaysian Government Securities and Malaysian Government Investment Issues were no longer recognised as part of Statutory Reserve Account (“SRA”) balance. The amount recognised in the previous financial year ended 31 December 2021 for the Group was RM4,730.0 million and for the Bank was RM1,890.0 million.

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Money market instruments:				
Malaysian Government Securities	12,116,600	9,691,536	12,116,497	9,691,430
Malaysian Government Investment Issues	24,267,820	19,383,773	9,134,729	8,231,925
Foreign Government Securities	3,359,864	2,118,404	278,054	–
Khazanah Bonds	586,707	873,582	47,020	46,176
Cagamas Bonds	175,288	51,744	50,445	51,744
Unquoted securities:				
Corporate Bonds and Sukuk in Malaysia	26,424,827	24,805,345	20,845,915	20,237,633
Corporate Bonds and Sukuk outside Malaysia	1,023,683	1,983,830	2,276,232	3,256,023
Government Bonds outside Malaysia	2,433,915	1,312,027	853,560	126,119

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11. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D.)

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within one year	1,058,386	1,300,845	230,797	509,715
One year to three years	2,443,060	2,526,815	463,458	384,380
Three years to five years	1,926,545	1,427,887	348,209	443,677
After five years	35,877,797	26,922,566	20,936,290	16,519,860
	41,305,788	32,178,113	21,978,754	17,857,632

(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 2022

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 2022 were mainly due to the 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 increased in ECL allowances. The decrease in ECL for the Bank was mainly due to financial assets derecognised during the year; and
- The increase in ECL for Stage 3 was due to deterioration in credit risk which correspondingly increased the net remeasurement of allowances for the 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	
Group				
At 1 January 2022	63,701	3,043	1,060,783	1,127,527
Transferred to Stage 1	46	(46)	–	–
Transferred to Stage 2	(608)	608	–	–
Net remeasurement of allowances	1,597	241	509,887	511,725
New financial assets originated or purchased	6,923	–	–	6,923
Financial assets derecognised	(9,381)	(45)	(136,986)	(146,412)
Changes in models/risk parameters	(567)	–	–	(567)
Exchange differences	(936)	–	–	(936)
At 31 December 2022	60,775	3,801	1,433,684	1,498,260
Bank				
At 1 January 2022	24,769	91	136,986	161,846
Transferred to Stage 1	46	(46)	–	–
Transferred to Stage 2	(222)	222	–	–
Net remeasurement of allowances	(1,645)	(222)	–	(1,867)
New financial assets originated or purchased	4,569	–	–	4,569
Financial assets derecognised	(7,762)	(45)	(136,986)	(144,793)
Changes in models/risk parameters	(543)	–	–	(543)
Exchange differences	59	–	–	59
At 31 December 2022	19,271	–	–	19,271

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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 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 the 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 increase 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; and
- 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 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 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

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian Government Securities	59,445	1,050,808	59,445	1,050,808
Malaysian Government Investment Issues	1,417,807	-	1,417,807	1,459,056
Foreign Corporate Bonds and Sukuk	-	1,694,834	-	1,614,740
Foreign Government Securities	31,670	-	-	-
Total (Note 7(ii))	1,508,922	2,745,642	1,477,252	4,124,604

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12. LOANS, ADVANCES AND FINANCING

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans, advances and financing to financial institutions	(i)	1,361,712	1,048,566	31,304,965	30,836,296
Loans, advances and financing to customers	(ii)	574,025,785	540,839,323	213,831,963	209,286,971
Net loans, advances and financing		575,387,497	541,887,889	245,136,928	240,123,267

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(A) Loans, advances and financing to financial institutions at FVOCI	117,597	109,156	440,406	572,435
(B) Loans, advances and financing to financial institutions at amortised cost	1,250,070	947,869	32,798,507	31,569,235
Gross loans, advances and financing to financial institutions	1,367,667	1,057,025	33,238,913	32,141,670
Allowances for loans, advances and financing:				
– Stage 1 – 12-month ECL	(5,868)	(8,243)	(18,972)	(29,974)
– Stage 2 – Lifetime ECL not credit impaired	(87)	(216)	(1,228)	(2,138)
– Stage 3 – Lifetime ECL credit impaired	–	–	(1,913,748)	(1,273,262)
Net loans, advances and financing to financial institutions	1,361,712	1,048,566	31,304,965	30,836,296

[^] 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 RM1,003.5 million (2021: RM973.3 million), and under the Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM30,138.8 million net of expected credit losses (2021: RM29,725.6 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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(A) Loans, advances and financing to customers at FVTPL		1,668	15,491	1,668	15,491
(B) Loans, advances and financing to customers at FVOCI		29,898,744	21,653,857	26,414,713	18,728,802
(C) Loans, advances and financing to customers at amortised cost		633,764,987	613,113,365	194,236,286	197,741,786
Unearned interest and income		663,665,399 (77,911,147)	634,782,713 (82,051,176)	220,652,667 (808,629)	216,486,079 (915,563)
Gross loans, advances and financing to customers		585,754,252	552,731,537	219,844,038	215,570,516
Allowances for loans, advances and financing:					
– Stage 1 – 12-month ECL		(2,000,435)	(1,886,989)	(883,584)	(775,643)
– Stage 2 – Lifetime ECL not credit impaired		(3,329,902)	(3,695,297)	(1,343,859)	(1,412,505)
– Stage 3 – Lifetime ECL credit impaired		(6,398,130)	(6,309,928)	(3,784,632)	(4,095,397)
Net loans, advances and financing to customers		574,025,785	540,839,323	213,831,963	209,286,971
Net loans, advances and financing	(i) & (ii)	575,387,497	541,887,889	245,136,928	240,123,267

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

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans/financing to financial institutions (Note 12(i))	1,367,667	1,057,025	33,238,913	32,141,670
Overdrafts/cashline	17,756,331	17,809,595	5,834,436	6,447,758
Term loans:				
– Housing loans/financing	193,701,007	185,322,915	46,344,789	44,671,995
– Syndicated loans/financing	56,349,988	52,118,452	46,756,972	43,522,330
– Hire purchase receivables*	83,038,247	76,148,332	9,846,496	10,873,609
– Lease receivables	2,034,794	1,029,886	–	–
– Other loans/financing	205,726,332	207,782,092	54,836,583	59,927,412
Credit card receivables	10,517,219	8,877,535	6,872,769	5,851,168
Bills receivables	5,969,774	6,252,903	5,370,263	5,793,747
Trust receipts	4,345,917	4,207,267	3,660,378	3,507,009
Claims on customers under acceptance credits	11,452,266	10,551,268	5,065,436	4,834,880
Revolving credits	62,208,363	52,871,447	33,162,108	27,947,802
Share margin financing	6,531,112	7,871,901	2,361,531	2,567,777
Staff loans	3,961,950	3,860,282	538,960	539,226
Loans to:				
– Directors of the Bank	5,101	4,019	1,770	1,263
– Directors of subsidiaries	6,761	6,562	175	96
Others	60,237	68,257	1	7
	665,033,066	635,839,738	253,891,580	248,627,749
Unearned interest and income	(77,911,147)	(82,051,176)	(808,629)	(915,563)
Gross loans, advances and financing	587,121,919	553,788,562	253,082,951	247,712,186
Allowances for loans, advances and financing:				
– Stage 1 – 12-month ECL	(2,006,303)	(1,895,232)	(902,556)	(805,617)
– Stage 2 – Lifetime ECL not credit impaired	(3,329,989)	(3,695,513)	(1,345,087)	(1,414,643)
– Stage 3 – Lifetime ECL credit impaired	(6,398,130)	(6,309,928)	(5,698,380)	(5,368,659)
Net loans, advances and financing	575,387,497	541,887,889	245,136,928	240,123,267

* The hire purchase receivables of a subsidiary of RM988,772,000 (2021: RM1,083,007,000) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Domestic banking institutions	1,343,013	1,090,278	33,092,908	32,118,949
Domestic non-banking financial institutions	19,762,607	19,985,288	13,139,759	15,651,093
Domestic business enterprises:				
– Small and medium enterprises	71,922,930	67,809,914	24,495,849	27,570,169
– Others	127,808,720	117,257,373	72,728,290	64,111,866
Government and statutory bodies	16,583,958	15,065,405	60,405	102,106
Individuals	293,114,349	277,550,234	64,927,922	65,225,562
Other domestic entities	13,368,408	12,292,479	4,688,532	3,425,920
Foreign entities	43,217,934	42,737,591	39,949,286	39,506,521
Gross loans, advances and financing	587,121,919	553,788,562	253,082,951	247,712,186

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

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	364,263,789	340,633,110	155,189,402	154,888,231
Singapore	144,695,517	136,157,869	62,449,296	57,977,104
Indonesia	31,670,365	30,870,702	-	-
Labuan Offshore	10,259,682	11,540,974	10,259,682	11,540,974
Hong Kong SAR	17,324,297	14,367,088	16,999,129	13,861,026
United States of America	493,813	1,126,746	493,813	1,126,159
People's Republic of China	4,892,403	5,306,726	4,892,403	5,306,726
Vietnam	1,636,999	1,954,215	1,152,433	1,224,596
United Kingdom	1,052,385	1,056,921	1,052,385	1,056,921
Brunei	487,659	517,548	487,659	517,548
Cambodia	4,541,390	3,629,703	-	-
Philippines	3,748,979	4,171,922	-	-
Thailand	1,947,892	2,242,137	-	-
Laos	36,921	54,531	36,921	54,531
Myanmar	69,828	158,370	69,828	158,370
Gross loans, advances and financing	587,121,919	553,788,562	253,082,951	247,712,186

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate:				
- Housing loans/financing	26,736,931	27,783,089	401,843	424,293
- Hire purchase receivables	61,128,825	57,178,522	8,209,430	9,167,701
- Other fixed rate loans/financing	74,619,200	67,819,622	56,183,519	53,731,713
	162,484,956	152,781,233	64,794,792	63,323,707
Variable rate:				
- Base lending/financing rate/base rate plus	223,618,388	213,944,494	75,825,992	78,167,458
- Cost plus	39,087,461	52,608,877	20,938,621	36,365,974
- Other variable rates	161,931,114	134,453,958	91,523,546	69,855,047
	424,636,963	401,007,329	188,288,159	184,388,479
Gross loans, advances and financing	587,121,919	553,788,562	253,082,951	247,712,186

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Purchase of securities	38,039,719	38,584,740	6,952,551	7,552,785
Purchase of transport vehicles	74,233,906	68,721,416	7,663,122	8,838,525
Purchase of landed properties:				
- Residential	164,810,326	149,867,083	46,115,807	43,575,151
- Non-residential	41,281,360	39,236,803	14,971,398	15,537,724
Purchase of fixed assets (excluding landed properties)	3,204,664	3,425,397	2,141,348	2,686,077
Personal use	9,075,444	9,426,126	3,557,514	3,817,592
Credit card	10,610,731	8,987,387	6,893,291	5,883,705
Purchase of consumer durables	5,637	6,031	5,162	5,511
Constructions	14,689,441	17,481,085	7,716,731	10,065,843
Mergers and acquisitions	2,722,043	1,679,119	2,249,790	1,168,183
Working capital	191,823,359	179,145,946	125,137,198	120,876,904
Others	36,625,289	37,227,429	29,679,039	27,704,186
Gross loans, advances and financing	587,121,919	553,788,562	253,082,951	247,712,186

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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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within one year	129,449,333	131,580,713	79,080,550	80,486,946
One year to three years	62,679,135	54,245,220	40,540,022	38,560,663
Three years to five years	78,094,060	66,393,177	43,925,512	33,574,289
After five years	316,899,391	301,569,452	89,536,867	95,090,288
Gross loans, advances and financing	587,121,919	553,788,562	253,082,951	247,712,186

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	11,043,533	11,674,491	10,103,703	7,120,298
Impaired during the financial year	4,310,636	4,738,499	2,001,356	6,261,789
Reclassified as non-impaired	(792,624)	(527,676)	(433,128)	(189,905)
Amount recovered	(2,817,825)	(2,229,305)	(1,867,027)	(1,216,200)
Amount written off	(3,078,763)	(3,052,183)	(2,130,955)	(2,220,193)
Exchange differences	539,902	439,707	531,154	347,914
Gross impaired loans at 31 December	9,204,859	11,043,533	8,205,103	10,103,703
Less: Stage 3 – Lifetime ECL credit impaired	(6,590,207)	(6,426,566)	(5,890,457)	(5,485,297)
Net impaired loans at 31 December	2,614,652	4,616,967	2,314,646	4,618,406
Calculation of ratio of net impaired loans:				
Gross impaired loans at 31 December (excluding financing funded by Investment Account*)	9,145,242	10,979,801	8,205,103	10,103,703
Less: Stage 3 – Lifetime ECL credit impaired	(6,590,207)	(6,426,566)	(5,890,457)	(5,485,297)
Net impaired loans	2,555,035	4,553,235	2,314,646	4,618,406
Gross loans, advances and financing	587,121,919	553,788,562	253,082,951	247,712,186
Less: Funded by Investment Accounts*	(24,500,981)	(28,720,799)	-	-
Less: Allowances for loans, advances and financing at FVOCI and at amortised cost	(12,078,292)	(12,359,557)	(8,282,624)	(8,045,502)
Net loans, advances and financing	550,542,646	512,708,206	244,800,327	239,666,684
Ratio of net impaired loans	0.46%	0.89%	0.95%	1.93%

* In the book of Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank, the unrestricted investment accounts (net of intercompany balances) was RM24,501.0 million (2021: RM28,720.8 million).

(x) Impaired loans, advances and financing by economic purpose are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Purchase of securities	52,985	66,100	6,792	8,244
Purchase of transport vehicles	291,952	386,319	51,381	58,727
Purchase of landed properties:				
– Residential	751,425	933,740	216,693	295,117
– Non-residential	509,803	415,060	198,830	159,874
Purchase of fixed assets (excluding landed properties)	67,961	544,711	43,646	532,943
Personal use	134,571	165,432	83,441	92,697
Credit card	75,784	61,937	39,515	21,832
Purchase of consumer durables	3,370	3,553	3,368	3,551
Constructions	639,312	1,361,798	366,362	1,288,430
Working capital	6,489,133	6,752,548	7,048,421	7,509,586
Others	188,563	352,335	146,654	132,702
Gross impaired loans, advances and financing	9,204,859	11,043,533	8,205,103	10,103,703

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

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	5,030,783	4,069,286	6,072,338	5,639,384
Singapore	823,840	2,257,333	476,616	1,825,988
Indonesia	1,314,119	1,572,988	–	–
Labuan Offshore	11,079	27,802	11,079	27,802
Hong Kong SAR	1,535,103	1,875,164	1,535,103	1,867,305
United States of America	–	636,443	–	635,855
People's Republic of China	60,218	26,670	60,218	26,670
Vietnam	16,637	19,757	16,580	19,325
Brunei	19,781	61,345	19,781	61,345
Cambodia	110,249	104,582	–	–
Philippines	236,939	359,765	–	–
Thailand	32,723	32,369	–	–
Laos	7,986	29	7,986	29
Myanmar	5,402	–	5,402	–
Gross impaired loans, advances and financing	9,204,859	11,043,533	8,205,103	10,103,703

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

As at 31 December 2022

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 2022 were mainly due to the following:

- Gross carrying amount grew primarily from revolving credits and housing loans/financing by 18% and 5% respectively;
- The ECL for Stage 1 (12-month ECL) increase is in line with higher growth in loans, advances and financing while ECL for Stage 2 (lifetime ECL not credit impaired) decreased primarily due to the improvement in macro-economic outlook and repayment behavioural trend along with movement of accounts from Stage 2 to Stage 3 due to newly impaired accounts under high risk industry which led to an increase in ECL for Stage 3 (lifetime ECL credit impaired); and
- 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 RM3,078.8 million (2021: RM3,052.2 million) and RM2,131.0 million (2021: RM2,220.2 million) respectively. This has resulted in the reduction of Stage 3 lifetime ECL credit impaired by the same amount.

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

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

As at 31 December 2022 (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 2022	59,713	282,533	116,638	458,884
Transferred to Stage 1	73	(73)	-	-
Transferred to Stage 3	-	(5,738)	5,738	-
Net remeasurement of allowances	18,233	(255,527)	160,768	(76,526)
New financial assets originated or purchased	51,156	2,961	-	54,117
Financial assets derecognised	(10,988)	(3,664)	(93,916)	(108,568)
Amount written off	-	-	(1,834)	(1,834)
Exchange differences	4,354	8,760	4,683	17,797
At 31 December 2022	122,541	29,252	192,077	343,870
Bank				
At 1 January 2022	57,414	282,531	116,638	456,583
Transferred to Stage 1	73	(73)	-	-
Transferred to Stage 3	-	(5,738)	5,738	-
Net remeasurement of allowances	15,349	(255,527)	160,768	(79,410)
New financial assets originated or purchased	48,606	2,961	-	51,567
Financial assets derecognised	(10,494)	(3,664)	(93,916)	(108,074)
Amount written off	-	-	(1,834)	(1,834)
Exchange differences	4,325	8,761	4,683	17,769
At 31 December 2022	115,273	29,251	192,077	336,601

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 2022	1,895,232	3,695,513	6,309,928	11,900,673
Transferred to Stage 1	379,282	(358,894)	(20,388)	-
Transferred to Stage 2	(89,233)	291,116	(201,883)	-
Transferred to Stage 3	(21,269)	(432,157)	453,426	-
Net remeasurement of allowances	(333,933)	214,470	3,216,070	3,096,607
New financial assets originated or purchased	585,174	227,333	-	812,507
Financial assets derecognised	(391,624)	(327,526)	(430,457)	(1,149,607)
Changes in models/risk parameters	(29,367)	(14,751)	(85,144)	(129,262)
Amount written off	-	-	(3,076,929)	(3,076,929)
Exchange differences	12,041	34,885	233,507	280,433
At 31 December 2022	2,006,303	3,329,989	6,398,130	11,734,422
Bank				
At 1 January 2022	805,617	1,414,643	5,368,659	7,588,919
Transferred to Stage 1	127,069	(121,722)	(5,347)	-
Transferred to Stage 2	(38,730)	209,024	(170,294)	-
Transferred to Stage 3	(5,776)	(158,470)	164,246	-
Net remeasurement of allowances	35,157	25,063	2,525,097	2,585,317
New financial assets originated or purchased	165,434	75,437	-	240,871
Financial assets derecognised	(168,614)	(108,434)	(168,655)	(445,703)
Changes in models/risk parameters	(17,104)	(25,024)	(77,717)	(119,845)
Amount written off	-	-	(2,129,121)	(2,129,121)
Exchange differences	(497)	34,570	191,512	225,585
At 31 December 2022	902,556	1,345,087	5,698,380	7,946,023

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

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; and
- 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.

At fair value through other comprehensive income

	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	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

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

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

As at 31 December 2021 (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	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

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		Principal Amount RM'000	Fair Values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
2022						
Trading derivatives						
Foreign exchange related contracts						
Currency forwards:						
- Less than one year	49,980,916	509,697	(964,375)	29,829,360	229,277	(636,207)
- One year to three years	2,225,823	35,551	(20,971)	2,035,571	35,551	(20,971)
- More than three years	3,847,853	1,306	(123,597)	2,823,007	1,306	(123,597)
	56,054,592	546,554	(1,108,943)	34,687,938	266,134	(780,775)
Currency swaps:						
- Less than one year	521,843,673	5,358,172	(5,790,980)	526,730,325	5,336,659	(5,990,264)
- One year to three years	1,491,825	14,020	(6,317)	1,491,825	14,020	(6,317)
- More than three years	11,134	476	-	-	-	-
	523,346,632	5,372,668	(5,797,297)	528,222,150	5,350,679	(5,996,581)
Currency spots:						
- Less than one year	1,594,048	13,252	(2,582)	1,471,812	9,155	(2,700)
Currency options:						
- Less than one year	7,012,686	148,340	(93,174)	9,303,546	148,301	(93,156)
- One year to three years	2,335,033	422	(422)	2,335,033	422	(422)
- More than three years	767,777	10,089	(21,871)	877,911	10,089	(15,887)
	10,115,496	158,851	(115,467)	12,516,490	158,812	(109,465)
Cross currency interest rate swaps ¹ :						
- Less than one year	9,336,381	176,334	(300,029)	9,535,748	166,584	(297,263)
- One year to three years	10,016,063	272,904	(480,426)	9,153,038	266,765	(420,499)
- More than three years	12,138,354	214,753	(494,662)	12,566,320	232,385	(511,466)
	31,490,798	663,991	(1,275,117)	31,255,106	665,734	(1,229,228)
Interest rate related contracts						
Interest rate swaps ² :						
- Less than one year	145,654,122	537,746	(708,436)	145,520,957	536,233	(695,354)
- One year to three years	179,630,503	1,970,737	(1,799,648)	179,860,939	1,967,782	(1,778,273)
- More than three years	268,617,662	15,140,682	(14,749,734)	268,790,791	15,208,045	(14,732,397)
	593,902,287	17,649,165	(17,257,818)	594,172,687	17,712,060	(17,206,024)
Interest rate futures:						
- Less than one year	7,826,402	54,286	(14,638)	6,350,525	43,453	(14,638)
- One year to three years	2,885,608	-	(1,233)	2,643,300	-	(1,072)
	10,712,010	54,286	(15,871)	8,993,825	43,453	(15,710)
Interest rate options:						
- Less than one year	80,647	11	-	80,647	11	-
- One year to three years	179,416	1,575	(374)	179,415	1,201	-
- More than three years	22,126,744	672,898	(2,362,986)	22,126,743	673,271	(2,363,360)
	22,386,807	674,484	(2,363,360)	22,386,805	674,483	(2,363,360)

Notes to the Financial Statements

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

	Group			Bank		
	Principal Amount RM'000	<----- Fair Values ----->		Principal Amount RM'000	<----- Fair Values ----->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
2022 (cont'd.)						
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Equity options:						
– Less than one year	1,695,322	137,271	(329,502)	3,608	201	–
Equity swaps:						
– Less than one year	1,673,376	54,526	(150,192)	–	–	–
<u>Commodity related contracts</u>						
Commodity options:						
– Less than one year	3,111,957	205,298	(205,298)	3,111,957	205,298	(205,298)
– One year to three years	2,229,888	234,881	(234,881)	2,229,888	234,881	(234,881)
	5,341,845	440,179	(440,179)	5,341,845	440,179	(440,179)
Commodity swaps:						
– Less than one year	70,471	8,287	(7,823)	70,471	8,287	(7,823)
– One year to three years	16,879	401	(155)	16,879	401	(155)
	87,350	8,688	(7,978)	87,350	8,688	(7,978)
<u>Credit related contracts</u>						
Credit default swaps:						
– Less than one year	57,489	1,720	(1,702)	57,489	1,720	(1,702)
– One year to three years	9,384	94	(67)	9,384	94	(67)
	66,873	1,814	(1,769)	66,873	1,814	(1,769)
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps ¹ :						
– Less than one year	2,796,657	32,966	(248,559)	2,796,657	32,966	(248,559)
– One year to three years	4,382,034	49,678	(314,811)	4,382,034	49,678	(314,811)
– More than three years	1,979,419	130,654	(226,329)	1,979,419	130,654	(226,329)
	9,158,110	213,298	(789,699)	9,158,110	213,298	(789,699)
<u>Interest rate related contracts</u>						
Interest rate swaps ² :						
– Less than one year	4,493,610	51,996	(3,880)	4,493,610	51,996	(3,880)
– One year to three years	3,931,469	170,162	–	3,931,469	170,162	–
– More than three years	7,235,487	437,034	(182,727)	8,870,487	460,017	(182,727)
	15,660,566	659,192	(186,607)	17,295,566	682,175	(186,607)
Interest rate futures:						
– Less than one year	14,976,057	254,587	(247,995)	14,976,057	254,587	(247,995)
Netting effects for reporting under MFRS 132	–	(2,216,051)	2,216,051	–	(2,187,620)	2,187,620
Total	1,298,262,169	24,686,755	(27,874,325)	1,280,636,222	24,293,832	(27,190,450)

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

	Group			Bank		
	Principal Amount RM'000	Fair Values		Principal Amount RM'000	Fair Values	
		Assets RM'000	Liabilities RM'000		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)

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

	Group			Bank		
	Principal Amount RM'000	<----- Fair Values ----->		Principal Amount RM'000	<----- Fair Values ----->	
		Assets RM'000	Liabilities RM'000		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)

¹ The contractual notional amount of cross currency interest rate swaps held for hedging which is based on IBOR is RM7,171.5 million (2021: RM7,603.5 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 RM806.2 million (2021: RM763.5 million) for the Group and the Bank.

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONT'D.)**Fair value hedge**

Included within hedging derivatives are derivatives where the Group and the Bank have used to apply hedge accounting.

Fair value hedge is used by the Group and the Bank to protect against changes in the fair value of financial assets and financial liabilities due to movements in interest rates. The financial instruments hedged for interest rate risk include the Group's and the Bank's financial investments, borrowings and loans, advances and financing.

For the financial year ended 31 December 2022, the Group and the Bank recognised the following net gain/(loss):

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Gain/(loss) on the hedging instruments	1,366,414	(11,061)	1,388,252	(11,061)
(Loss)/gain on the hedged items attributable to the hedged risk	(1,294,613)	2,889	(1,315,087)	2,889

Net investment hedge

For the financial year ended 31 December 2022, the net investment hedge was nil as the borrowings designated for the hedging relationship was redeemed in the financial year ended 31 December 2021.

For the financial year ended 31 December 2021, the Group had designated net investment hedge for borrowings amounting to USD0.05 billion or Ringgit Malaysia equivalent of RM0.2 billion which were used to fund investment in subsidiaries. The effectiveness of the hedging relationship is tested prospectively and retrospectively comparing the cumulative value changes of hedging instruments and hedged items and 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) 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	2022 RM'000	2021 RM'000
Reinsurance/retakaful assets (Note 26)	(i)	5,965,451	6,627,633
Other insurance receivables	(ii)	1,075,559	888,231
		7,041,010	7,515,864

(i) Reinsurance/retakaful assets

Group	Note	2022 RM'000	2021 RM'000
Reinsurers' share of:		5,425,578	5,531,574
Life insurance contract liabilities		1,608,793	1,482,527
General insurance contract liabilities		3,816,785	4,049,047
Retakaful operators' share of:		539,924	1,096,262
Family takaful certificate liabilities		255,590	234,672
General takaful certificate liabilities		284,334	861,590
Allowances for impairment losses	(iii)	(51)	(203)
		5,965,451	6,627,633

(ii) Other insurance receivables

Group	Note	2022 RM'000	2021 RM'000
Due premium including agents/brokers and co-insurers balances		664,327	659,929
Due from reinsurers and cedants/retakaful operators		412,267	228,740
		1,076,594	888,669
Allowances for impairment losses	(iii)	(1,035)	(438)
		1,075,559	888,231

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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 2022

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 2022 were mainly due to higher receivables from reinsurers/retakaful operators.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2022	641	–	–	641
Net remeasurement of allowances	1,116	–	–	1,116
Exchange differences	(671)	–	–	(671)
At 31 December 2022	1,086	–	–	1,086

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 the previous financial year ended 31 December 2021.

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

15. OTHER ASSETS

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other debtors	(i)	7,315,510	5,086,489	6,637,095	3,235,436
Amount due from brokers and clients	56	2,421,721	2,061,444	–	–
Prepayments and deposits		983,587	995,590	326,216	235,873
Tax recoverable		416,790	197,263	282,220	69,620
Foreclosed properties		408,480	357,351	28,500	28,500
		11,546,088	8,698,137	7,274,031	3,569,429
Allowances for impairment losses	(ii)	(79,410)	(53,206)	(44,374)	(18,899)
		11,466,678	8,644,931	7,229,657	3,550,530

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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 RM831,975,000 (2021: RM804,162,000).
- (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 2022

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 2022 were mainly due to higher impaired receivables.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2022	5,807	20	47,379	53,206
Net remeasurement of allowances	213	(11)	27,632	27,834
Exchange differences	(181)	39	(1,488)	(1,630)
At 31 December 2022	5,839	48	73,523	79,410
Bank				
At 1 January 2022	-	-	18,899	18,899
Net remeasurement of allowances	-	-	25,276	25,276
Exchange differences	-	-	199	199
At 31 December 2022	-	-	44,374	44,374

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.

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

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16. INVESTMENT PROPERTIES

Group	2022 RM'000	2021 RM'000
At fair value		
At 1 January	975,048	941,545
Additions	609	3,312
Fair value adjustments (Note 41)	13,531	30,301
Disposal	(137)	-
Exchange differences	(156)	(110)
At 31 December	988,895	975,048

The following investment properties are held under lease terms:

Group	2022 RM'000	2021 RM'000
At fair value		
Leasehold land	158,680	139,722
Buildings	301,395	314,343
	460,075	454,065

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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Bank Negara Malaysia	(i)	5,875,028	206,433	2,369,292	185,987
Other central banks	(ii)	7,904,948	7,308,780	358,919	1,509,491
		13,779,976	7,515,213	2,728,211	1,695,478
Allowances for impairment losses	(iii)	(2,652)	(1,084)	-	-
		13,777,324	7,514,129	2,728,211	1,695,478

- (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.

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 RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2022				RM'000
At 1 January 2022	1,084	–	–	1,084
Net remeasurement of allowances	1,678	–	–	1,678
Exchange differences	(110)	–	–	(110)
At 31 December 2022	2,652	–	–	2,652

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	
As at 31 December 2021				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

18. INVESTMENT IN SUBSIDIARIES

Bank	2022 RM'000	2021 RM'000
Unquoted shares, at cost		
– In Malaysia	35,483,877	34,835,297
– Outside Malaysia	1,334,410	1,328,136
	36,818,287	36,163,433
Less: Accumulated impairment losses	(2,957,660)	(2,957,660)
	33,860,627	33,205,773

The following are major events of the Group and of the Bank during the financial year ended 31 December 2022:

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

On 25 January 2022, Etiqa International Holdings Sdn. Bhd. ("EIH"), a wholly-owned subsidiary of the Bank injected additional capital of USD2.0 million (or equivalent amount of RM8.38 million) to Etiqa Life Insurance (Cambodia) Plc., a wholly-owned subsidiary of the Bank.

(ii) Capital injection into Etiqa General Insurance (Cambodia) Plc.

On 25 January 2022, EIH, a wholly-owned subsidiary of the Bank injected additional capital of USD2.0 million (or equivalent amount of RM8.38 million) to Etiqa General Insurance (Cambodia) Plc., a wholly-owned subsidiary of the Bank.

(iii) Capital repayment from Amanah Mutual Berhad

On 25 January 2022, Maybank Asset Management Sdn. Bhd. ("MAM"), an 80.0% subsidiary of the Bank, received capital repayment of RM4.0 million from Amanah Mutual Berhad, an 80.0% subsidiary of the Bank.

(iv) Capital injection into PT Maybank Asset Management

On 25 January 2022, 24 March 2022, 22 June 2022 and 25 October 2022, MAM, an 80.0% subsidiary of the Bank injected additional capital of IDR6.60 billion (or equivalent amount of RM2.03 million), IDR9.73 billion (or equivalent amount of RM3.00 million), IDR12.07 billion (or equivalent amount of RM3.64 million) and IDR15.60 billion (or equivalent amount of RM5.01 million) respectively to PT Maybank Asset Management, a 79.2% subsidiary of the Bank.

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

On 21 March 2022 and 20 September 2022, Maybank Ageas Holdings Berhad ("MAHB"), a 69.05% subsidiary of the Bank injected additional capital of SGD120.0 million (or equivalent amount of RM375.96 million) and SGD80.0 million (or equivalent amount of RM260.80 million) respectively to Etiqa Insurance Pte. Ltd., a 69.05% subsidiary of the Bank.

(vi) Capital injection into PT Asuransi Etiqa Internasional Indonesia

On 13 April 2022, EIH, a wholly-owned subsidiary of the Bank injected additional capital of IDR250.0 billion (or equivalent amount of RM77.0 million) to PT Asuransi Etiqa Internasional Indonesia, a 79.87% subsidiary of the Bank.

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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 2022 (cont'd.):

(vii) Reclassification of investment in Philmax Holding, Inc. ("PHI")

On 1 June 2022, the Bank acquired 66.67% of the shares in PHI following the put option exercised by Supralex Holdings & Ventures Corporation, resulting in PHI being wholly-owned subsidiary of the Bank. PHI was previously a 33.33% associate company of the Bank.

(viii) Capital injection into Etiqa General Takaful Berhad

On 21 June 2022, MAHB, a 69.05% subsidiary of the Bank injected additional capital of RM100.0 million to Etiqa General Takaful Berhad, a 69.05% subsidiary of the Bank.

(ix) Subscription of rights issue of 24,006,125 new ordinary shares issued by Maybank Islamic Berhad ("MIB"), a wholly-owned subsidiary of the Bank

On 26 September 2022, the Bank subscribed to rights issue of 24,006,125 new ordinary shares issued by MIB, at an issue price of RM29.475 per ordinary share for a total consideration of RM707,580,534.

(x) Capital repayment from Maybank International Holdings Sdn. Bhd.

On 30 September 2022, the Bank received capital repayment of RM8.8 million from Maybank International Holdings Sdn. Bhd., a wholly-owned subsidiary of the Bank.

(xi) Capital repayment from Maybank (Indonesia) Berhad

On 29 November 2022, the Bank received capital repayment of RM5.0 million from Maybank (Indonesia) Berhad, a wholly-owned subsidiary of the Bank.

(xii) Capital repayment from Maybank International Trust (Labuan) Berhad

On 30 November 2022, the Bank received capital repayment of RM45.2 million from Maybank International Trust (Labuan) Berhad, a wholly-owned subsidiary of the Bank.

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

(i) Liquidation of KE Sovereign Limited

During the previous financial year ended 31 December 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

During the previous financial year ended 31 December 2021, 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 MIB, a wholly-owned subsidiary of the Bank

During the previous financial year ended 31 December 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.

During the previous financial year ended 31 December 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 previous 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.

- (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.

Details and financial information of subsidiaries that have material non-controlling interests are as follows:

- (i) Etiqa International Holdings Sdn. Bhd. ("EIH");
- (ii) PT Bank Maybank Indonesia Tbk ("MBI"); and
- (iii) Maybank IBG Holdings Limited ("MIBGH").

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

18. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

	EIH		MBI		MIBGH	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Summarised income statements:						
Interest income	1,681,130	1,488,181	3,141,354	3,170,365	396,635	320,108
Interest expense	(39,527)	(9,848)	(949,872)	(1,034,187)	(131,192)	(72,530)
Net interest income	1,641,603	1,478,333	2,191,482	2,136,178	265,443	247,578
Net earned insurance premiums	9,028,966	8,888,525	-	-	-	-
Other operating (loss)/income	(1,680,963)	(784,042)	420,993	487,635	479,888	676,397
Total operating income	8,989,606	9,582,816	2,612,475	2,623,813	745,331	923,975
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(7,447,720)	(7,702,634)	-	-	-	-
Net operating income	1,541,886	1,880,182	2,612,475	2,623,813	745,331	923,975
Overhead expenses	(955,912)	(1,001,833)	(1,627,363)	(1,601,752)	(613,007)	(631,941)
Operating profit before impairment losses	585,974	878,349	985,112	1,022,061	132,324	292,034
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(10,946)	(3,737)	(231,592)	(477,437)	1,926	(660)
(Allowances for)/writeback of impairment losses on financial investments, net	(105,825)	304	(2,527)	3,403	-	-
Writeback of/(allowances for) impairment losses on other financial assets and goodwill, net	2,798	34,315	172	414	(1,544)	(27,102)
Operating profit	472,001	909,231	751,165	548,441	132,706	264,272
Share of (losses)/profits in associates	-	-	-	-	(1,099)	13,992
Profit before taxation and zakat	472,001	909,231	751,165	548,441	131,607	278,264
Taxation and zakat	(368,960)	(127,654)	(167,805)	(120,661)	(57,498)	(57,547)
Profit for the financial year	103,041	781,577	583,360	427,780	74,109	220,717
Attributable to:						
Equity holders of the Bank	75,187	603,382	563,896	418,055	55,422	199,417
Non-controlling interests	27,854	178,195	19,464	9,725	18,687	21,300
	103,041	781,577	583,360	427,780	74,109	220,717
Dividends paid to non-controlling interests of the Group	77,455	77,455	5,028	1,094	10,023	12,036
Summarised statements of financial position:						
Total assets	52,369,744	54,373,337	44,740,130	48,431,141	12,374,775	13,643,305
Total liabilities	(44,703,947)	(46,474,593)	(37,243,849)	(41,015,261)	(10,491,596)	(11,782,570)
Total equity	7,665,797	7,898,744	7,496,281	7,415,880	1,883,179	1,860,735
Attributable to:						
Equity holders of the Bank	5,447,651	5,512,198	7,362,157	7,293,884	1,774,361	1,755,056
Non-controlling interests	2,218,146	2,386,546	134,124	121,996	108,818	105,679
	7,665,797	7,898,744	7,496,281	7,415,880	1,883,179	1,860,735
Summarised cash flow statements:						
Operating activities	392,124	(559,292)	(2,949,602)	2,132,606	1,384,589	(588,456)
Investing activities	(282,849)	(37,195)	(110,834)	(1,535,730)	(17,651)	(13,268)
Financing activities	(218,550)	542,046	536,540	(726,363)	(1,680,144)	868,454
Net (decrease)/increase in cash and cash equivalents	(109,275)	(54,441)	(2,523,896)	(129,487)	(313,206)	266,730

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Equity interest				
Unquoted shares, at cost	699,604	701,413	438,859	440,730
Quoted shares, at cost	2,864,864	2,864,864	-	-
Exchange differences	(2,216,092)	(1,870,647)	-	-
	1,348,376	1,695,630	438,859	440,730
Share of post-acquisition reserves	1,277,874	1,156,811	-	-
	2,626,250	2,852,441	438,859	440,730
Less: Accumulated impairment losses	(419,006)	(361,006)	-	-
	2,207,244	2,491,435	438,859	440,730
Market value of quoted shares	502,502	807,130	-	-

- (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 2022, Uzbek Leasing International A.O. ("ULI") completed the rights issue exercise to existing shareholders. The Bank did not participate in the rights issue and accordingly its percentage in ULI reduced from 19.7% to 10.4%. The Group recorded a loss on dilution of interest in associates of RM1,752,129 as disclosed in Note 41.
- (iii) During the financial year ended 31 December 2022, the Group performed an impairment test on its investments in associates and recorded an impairment loss on Gpay Network (M) Sdn. Bhd. of RM58,000,000 due to the carrying amount exceeds its recoverable amount as disclosed in Note 47(b).
- (iv) 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 2022	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
Interest income	4,427,297	1,469,601	52,007	5,948,905
Interest expense	(2,486,067)	(783,961)	(25,176)	(3,295,204)
Net interest income	1,941,230	685,640	26,831	2,653,701
Other operating income	633,217	141,892	147,753	922,862
Net operating income	2,574,447	827,532	174,584	3,576,563
Overhead expenses	(1,050,315)	(376,931)	(254,791)	(1,682,037)
Operating profit before impairment losses	1,524,132	450,601	(80,207)	1,894,526
Writeback of/(allowances for) impairment losses on loans, advances and financing, net	37,480	(133,386)	(1,036)	(96,942)
Operating profit/(loss)	1,561,612	317,215	(81,243)	1,797,584
Share of profits in associates	15,071	-	-	15,071
Profit/(loss) before taxation	1,576,683	317,215	(81,243)	1,812,655
Taxation	(962,003)	(78,065)	6,436	(1,033,632)
Profit/(loss) for the financial year	614,680	239,150	(74,807)	779,023
Group's share of profits/(losses) for the financial year	115,437	39,197	(23,784)	130,850
Dividends paid by the associates during the financial year	74,596	-	499	75,095

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19. INTEREST IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(iv) 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 2021	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
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

Summarised statements of financial position:

Group 2022	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
Total assets	43,952,310	23,430,232	1,071,282	68,453,824
Total liabilities	(40,441,300)	(21,015,391)	(944,388)	(62,401,079)
Total equity	3,511,010	2,414,841	126,894	6,052,745
Proportion of Group's ownership	659,368	395,792	34,542	1,089,702
Goodwill	670,627	210,103	236,812	1,117,542
Carrying amount of the investment	1,329,995	605,895	271,354	2,207,244
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

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19. INTEREST IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

- (v) 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.
- (vi) The details of goodwill included within the Group's carrying amount of interest in associates and joint ventures are as follows:

Group	2022 RM'000	2021 RM'000
At 1 January	1,313,707	1,355,663
Impairment of goodwill	(58,000)	-
Exchange differences	(138,165)	(41,956)
At 31 December	1,117,542	1,313,707

20. PROPERTY, PLANT AND EQUIPMENT

Group As at 31 December 2022	*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
Cost							
At 1 January 2022	2,246,731	1,645,685	1,625,424	302,491	59,092	33,910	5,913,333
Additions	6,850	56,035	183,463	12,290	9,450	37,163	305,251
Disposals	(1,396)	(18,663)	(13,410)	(3,214)	(4,429)	-	(41,112)
Write-offs (Note 43)	-	(91,915)	(3,642)	(3,690)	(4,359)	(196)	(103,802)
Transferred between categories	-	31,225	-	3,921	-	(35,146)	-
Transferred from/(to) intangible assets (Note 22)	-	1,430	1,986	-	-	(2,357)	1,059
Exchange differences	37,152	(32,380)	(12,537)	168	(1,191)	845	(7,943)
At 31 December 2022	2,289,337	1,591,417	1,781,284	311,966	58,563	34,219	6,066,786
Accumulated depreciation and impairment losses							
At 1 January 2022	833,562	1,423,529	1,210,384	266,625	49,244	-	3,783,344
Depreciation charge for the financial year (Note 43)	47,572	66,412	159,662	14,305	9,140	-	297,091
Disposals	(850)	(21,182)	(10,385)	(1,849)	(3,433)	-	(37,699)
Write-offs (Note 43)	-	(87,628)	(2,888)	(3,687)	(4,359)	-	(98,562)
Transferred between categories	-	(23)	-	23	-	-	-
Exchange differences	8,024	(26,821)	19	(163)	(512)	-	(19,453)
At 31 December 2022	888,308	1,354,287	1,356,792	275,254	50,080	-	3,924,721
Analysed as:							
Accumulated depreciation	880,804	1,354,283	1,356,792	275,254	50,080	-	3,917,213
Accumulated impairment losses	7,504	4	-	-	-	-	7,508
	888,308	1,354,287	1,356,792	275,254	50,080	-	3,924,721
Net carrying amount							
At 31 December 2022	1,401,029	237,130	424,492	36,712	8,483	34,219	2,142,065

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

Group As at 31 December 2021	*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
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	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 2022							
*Properties consist of:							
Cost							
At 1 January 2022	110,132	487,319	398,738	653,046	175,613	421,883	2,246,731
Additions	-	15	6,457	-	-	378	6,850
Disposals	(1,014)	-	(238)	-	(144)	-	(1,396)
Exchange differences	857	813	12,058	16,091	(4,894)	12,227	37,152
At 31 December 2022	109,975	488,147	417,015	669,137	170,575	434,488	2,289,337
Accumulated depreciation and impairment losses							
At 1 January 2022	56	273,250	240,009	223,236	9,729	87,282	833,562
Depreciation charge for the financial year	-	10,701	27,356	6,394	388	2,733	47,572
Disposals	-	-	(206)	(557)	(87)	-	(850)
Exchange differences	-	(3,868)	(4,805)	10,293	159	6,245	8,024
At 31 December 2022	56	280,083	262,354	239,366	10,189	96,260	888,308
Analysed as:							
Accumulated depreciation	2	274,104	261,485	238,940	10,189	96,084	880,804
Accumulated impairment losses	54	5,979	869	426	-	176	7,504
	56	280,083	262,354	239,366	10,189	96,260	888,308
Net carrying amount							
At 31 December 2022	109,919	208,064	154,661	429,771	160,386	338,228	1,401,029
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

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31 December 2022

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 2022							
Cost							
At 1 January 2022	1,283,329	922,492	327,789	208,779	11,741	11,078	2,765,208
Additions	378	13,038	4,421	8,388	1,453	22,545	50,223
Disposals	(382)	(15)	(2,246)	(7)	(1,174)	–	(3,824)
Write-offs (Note 43)	–	(22,856)	(1,418)	(3,690)	(276)	(196)	(28,436)
Transferred between categories	–	26,505	–	3,921	–	(30,426)	–
Transferred from intangible assets (Note 22)	–	382	1,986	–	–	–	2,368
Transferred to a subsidiary	–	(444)	(7)	–	–	(231)	(682)
Exchange differences	25,291	(1,383)	268	(27)	22	(12)	24,159
At 31 December 2022	1,308,616	937,719	330,793	217,364	11,766	2,758	2,809,016
Accumulated depreciation							
At 1 January 2022	578,524	842,391	268,369	183,436	10,369	–	1,883,089
Depreciation charge for the financial year (Note 43)	22,805	27,396	18,641	8,351	643	–	77,836
Disposals	(293)	(28)	(2,066)	(7)	(1,174)	–	(3,568)
Write-offs (Note 43)	–	(22,840)	(1,411)	(3,687)	(276)	–	(28,214)
Transferred between categories	–	(23)	–	23	–	–	–
Transferred to a subsidiary	–	(423)	(7)	–	–	–	(430)
Exchange differences	11,825	(1,441)	262	(41)	5	–	10,610
At 31 December 2022	612,861	845,032	283,788	188,075	9,567	–	1,939,323
Net carrying amount							
At 31 December 2022	695,755	92,687	47,005	29,289	2,199	2,758	869,693
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

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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 2022							
*Properties consist of:							
Cost							
At 1 January 2022	104,346	402,507	317,004	349,649	19,434	90,389	1,283,329
Additions	-	-	-	-	-	378	378
Disposals	-	-	(238)	-	(144)	-	(382)
Exchange differences	767	807	2,354	19,673	-	1,690	25,291
At 31 December 2022	105,113	403,314	319,120	369,322	19,290	92,457	1,308,616
Accumulated depreciation							
At 1 January 2022	-	236,728	171,953	137,728	8,095	24,020	578,524
Depreciation charge for the financial year	-	8,096	12,788	600	372	949	22,805
Disposals	-	-	(206)	-	(87)	-	(293)
Exchange differences	-	256	2,886	7,987	-	696	11,825
At 31 December 2022	-	245,080	187,421	146,315	8,380	25,665	612,861
Net carrying amount							
At 31 December 2022	105,113	158,234	131,699	223,007	10,910	66,792	695,755
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

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

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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 2022					
Cost					
At 1 January 2022	1,679,564	1,129	523,550	24,708	2,228,951
Additions	175,145	282	308,002	448	483,877
Termination	(107,852)	(264)	(387,762)	(84)	(495,962)
Modification	21,473	(40)	154	130	21,717
Exchange differences	27,372	16	3,139	(606)	29,921
At 31 December 2022	1,795,702	1,123	447,083	24,596	2,268,504
Accumulated depreciation					
At 1 January 2022	611,120	777	434,579	11,911	1,058,387
Depreciation charge for the financial year (Note 43)	276,309	177	230,440	4,439	511,365
Termination	(94,548)	(244)	(387,762)	(49)	(482,603)
Modification	(2,839)	(41)	-	124	(2,756)
Exchange differences	5,436	18	2,279	(398)	7,335
At 31 December 2022	795,478	687	279,536	16,027	1,091,728
Net carrying amount					
At 31 December 2022	1,000,224	436	167,547	8,569	1,176,776
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

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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 2022					
Cost					
At 1 January 2022	805,818	542	395	153	806,908
Additions	98,291	282	239	449	99,261
Termination	(62,665)	(205)	(239)	-	(63,109)
Modification	8,800	(40)	(8)	-	8,752
Exchange differences	11,375	11	-	(5)	11,381
At 31 December 2022	861,619	590	387	597	863,193
Accumulated depreciation					
At 1 January 2022	256,104	498	142	38	256,782
Depreciation charge for the financial year (Note 43)	115,638	52	153	115	115,958
Termination	(60,275)	(197)	(239)	-	(60,711)
Modification	(1,512)	(40)	-	-	(1,552)
Exchange differences	2,405	13	(8)	(5)	2,405
At 31 December 2022	312,360	326	48	148	312,882
Net carrying amount					
At 31 December 2022	549,259	264	339	449	550,311
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

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 2022 are RM1,675,390,000 (2021: RM1,671,049,000) and RM628,013,000 (2021: RM627,834,000) 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 2022								
Cost								
At 1 January 2022	7,319,725	311,549	82,742	163,468	11,141	2,955,601	294,068	11,138,294
Additions	-	-	-	-	-	93,017	252,483	345,500
Disposals	-	-	-	-	-	(428)	-	(428)
Write-offs (Note 43)	-	-	-	-	-	(6,294)	(116)	(6,410)
Transferred between categories	-	-	-	-	-	190,578	(190,578)	-
Transferred from/(to) property, plant and equipment (Note 20)	-	-	-	-	-	241	(1,300)	(1,059)
Exchange differences	(14,966)	(9,871)	-	4,519	-	15,136	(1,974)	(7,156)
At 31 December 2022	7,304,759	301,678	82,742	167,987	11,141	3,247,851	352,583	11,468,741
Accumulated amortisation								
At 1 January 2022	-	311,549	82,742	163,468	-	2,191,130	-	2,748,889
Amortisation charge for the financial year (Note 43)	-	-	-	-	-	270,960	-	270,960
Disposal	-	-	-	-	-	(148)	-	(148)
Write-offs (Note 43)	-	-	-	-	-	(6,258)	-	(6,258)
Exchange differences	-	(9,871)	-	4,519	-	7,411	-	2,059
At 31 December 2022	-	301,678	82,742	167,987	-	2,463,095	-	3,015,502
Accumulated impairment losses								
At 1 January 2022	1,705,944	-	-	-	-	-	-	1,705,944
Exchange differences	170	-	-	-	-	-	-	170
At 31 December 2022	1,706,114	-	-	-	-	-	-	1,706,114
Net carrying amount								
At 31 December 2022	5,598,645	-	-	-	11,141	784,756	352,583	6,747,125
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(c))	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

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22. INTANGIBLE ASSETS (CONT'D.)

	Goodwill RM'000	Computer Software RM'000	Software-in- Development RM'000	Total RM'000
Bank				
As at 31 December 2022				
Cost				
At 1 January 2022	81,015	1,042,866	119,164	1,243,045
Additions	-	12,589	82,564	95,153
Write-offs (Note 43)	-	(4,189)	(116)	(4,305)
Transferred to a subsidiary	-	(1,966)	-	(1,966)
Transferred between categories	-	114,371	(114,371)	-
Transferred to property, plant and equipment (Note 20)	-	(1,068)	(1,300)	(2,368)
Exchange differences	-	1,372	(249)	1,123
At 31 December 2022	81,015	1,163,975	85,692	1,330,682
Accumulated amortisation				
At 1 January 2022	-	836,364	-	836,364
Amortisation charge for the financial year (Note 43)	-	73,519	-	73,519
Write-offs (Note 43)	-	(4,153)	-	(4,153)
Transferred to a subsidiary	-	(1,795)	-	(1,795)
Exchange differences	-	951	-	951
At 31 December 2022	-	904,886	-	904,886
Net carrying amount				
At 31 December 2022	81,015	259,089	85,692	425,796
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

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	2022 RM'000	2021 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)	(14,161)
		1,987,753	1,987,753
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)	(43,899)
		17,075	17,075
Acquisition of Amanah Mutual Berhad		2,168	2,168
Exchange differences		(676,933)	(661,797)
		5,598,645	5,613,781

Bank	Note	2022 RM'000	2021 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 2022, the impairment losses recognised for the CGUs were nil (2021: RM53.5 million) as disclosed in Note 47(c).

(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:

- The Bank expects the AMEX card services business to be a going concern;
- The growth in business volume is expected to be consistent with the industry growth rate of 8.0% to 12.0% per annum; and
- 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 5.93% per annum (2021: 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:

- The Bank expects Maybank Indonesia's banking business operations to be a going concern;
- The discount rate applied is based on current specific country risks which is estimated to be approximately 10.3% per annum (2021: 11.3% per annum); and
- Terminal value whereby cash flow growth rate of 5.2% (2021: 5.7%).

For sensitivity analysis purposes, a 10 basis points change in the discount rate would increase or decrease the recoverable amount by RM542.0 million and RM563.9 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 RM470.0 million and RM451.7 million respectively.

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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 8.8% per annum (2021: 9.0% per annum); and
- (iii) Terminal value whereby cash flow growth rate is 5.6% (2021: 4.8%), 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 3.3% or the discount rate increased to approximately 17.6%, 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits and negotiable instruments of deposits				
– One year or less	288,829,538	233,544,960	147,069,267	127,977,754
– More than one year	8,678,151	12,752,220	1,360,535	420,033
	297,507,689	246,297,180	148,429,802	128,397,787
Money market deposits	76,894,298	75,523,563	10,175,820	14,045,234
Savings deposits	91,065,792	105,162,188	34,263,311	38,181,815
Demand deposits	149,427,315	161,984,702	81,985,228	95,934,030
	614,895,094	588,967,633	274,854,161	276,558,866

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23. DEPOSITS FROM CUSTOMERS (CONT'D.)

The deposits are sourced from the following types of customers:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Business enterprises	277,008,600	253,898,708	158,132,250	156,633,879
Individuals	230,613,145	231,757,428	83,639,653	89,838,354
Government and statutory bodies	52,219,059	50,930,448	13,797,858	12,509,753
Others	55,054,290	52,381,049	19,284,400	17,576,880
	614,895,094	588,967,633	274,854,161	276,558,866

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within six months	230,952,662	186,915,920	125,929,702	107,535,754
Six months to one year	57,876,876	46,629,040	21,139,565	20,442,000
One year to three years	8,561,099	12,557,566	1,297,992	355,248
Three years to five years	117,052	194,654	62,543	64,785
	297,507,689	246,297,180	148,429,802	128,397,787

24. DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Licensed banks	49,139,318	33,040,036	65,244,035	39,648,349
Licensed finance companies	55,217	58,061	55,217	58,061
Licensed investment banks	878,171	1,065,182	878,171	1,065,182
Other financial institutions	1,821,074	2,419,794	617,021	795,918
	51,893,780	36,583,073	66,794,444	41,567,510

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
One year or less	49,454,866	31,166,943	65,351,189	38,095,733
More than one year	2,438,914	5,416,130	1,443,255	3,471,777
	51,893,780	36,583,073	66,794,444	41,567,510

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Structured deposits	209,827	40,988	209,827	40,988
Borrowings				
Unsecured				
Medium term notes				
– More than one year				
Denominated in:				
– USD	8,107,257	10,655,978	8,107,257	10,655,978
Total financial liabilities at fair value through profit or loss	8,317,084	10,696,966	8,317,084	10,696,966

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 2022 were RM211,019,000 (2021: RM41,001,000) and RM12,742,015,000 (2021: RM11,741,134,000) 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:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	10,655,978	10,161,921	10,655,978	10,161,921
Issuance during the financial year	–	2,461,480	–	2,461,480
Redemption during the financial year	–	(1,393,899)	–	(1,393,899)
Non-cash changes:				
Fair value changes	(3,549,602)	(795,274)	(3,549,602)	(795,274)
Others	367,395	(107,315)	367,395	(107,315)
Exchange differences	633,486	329,065	633,486	329,065
At 31 December	8,107,257	10,655,978	8,107,257	10,655,978

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26. INSURANCE/TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	2022 RM'000	2021 RM'000
Insurance/takaful contract liabilities	(i)	40,961,598	41,110,740
Other insurance payables	(ii)	953,152	982,875
		41,914,750	42,093,615

(i) Insurance/takaful contract liabilities

Group	Note	Gross contract liabilities RM'000	Reinsurance/ retakaful assets (Note 14) RM'000	Net contract liabilities RM'000
2022				
Life insurance/family takaful	(a)	33,442,868	(1,864,383)	31,578,485
General insurance/general takaful	(b)	7,518,730	(4,101,068)	3,417,662
		40,961,598	(5,965,451)	34,996,147
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

(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
2022			
Claims liabilities	355,296	(90,299)	264,997
Actuarial liabilities	27,306,983	(1,774,084)	25,532,899
Unallocated surplus	2,890,231	-	2,890,231
FVOCI reserve	(104,678)	-	(104,678)
Net asset value ("NAV") attributable to unitholders	2,995,036	-	2,995,036
	33,442,868	(1,864,383)	31,578,485
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

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 RM'000	Actuarial liabilities RM'000	Unallocated surplus RM'000	FVOCI reserve RM'000	NAV attributable to unitholders RM'000			
As at 31 December 2022								
At 1 January 2022	325,868	26,884,384	3,139,772	71,473	2,633,047	33,054,544	(1,717,199)	31,337,345
Net earned insurance premiums	-	43,907	1,812,241	-	1,119,792	2,975,940	-	2,975,940
Other revenue	-	-	832,684	-	(160,251)	672,433	-	672,433
Experience/benefit variation	1,391,484	-	66,037	-	-	1,457,521	-	1,457,521
Benefits and claims	(1,362,056)	310,080	(2,194,366)	-	(587,089)	(3,833,431)	(84,829)	(3,918,260)
Other expenses	-	-	(526,696)	-	(24,247)	(550,943)	79,386	(471,557)
Adjustments due to changes in:								
- Discounting	-	(359,660)	279,649	-	-	(80,011)	8,763	(71,248)
- Assumptions	-	157,500	(168,883)	-	-	(11,383)	(106,321)	(117,704)
- Policy movements	-	256,652	(148,921)	-	-	107,731	(44,183)	63,548
Changes in FVOCI reserve	-	-	-	(177,345)	-	(177,345)	-	(177,345)
Taxation	-	-	13,486	1,194	13,784	28,464	-	28,464
Transfer to shareholders' fund	-	-	(133,883)	-	-	(133,883)	-	(133,883)
Surplus paid to participants	-	14,120	(45,829)	-	-	(31,709)	-	(31,709)
Withholding tax borne by participants	-	-	(28,649)	-	-	(28,649)	-	(28,649)
Reclassification upon disposals of equities instruments	-	-	(6,411)	-	-	(6,411)	-	(6,411)
At 31 December 2022	355,296	27,306,983	2,890,231	(104,678)	2,995,036	33,442,868	(1,864,383)	31,578,485
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

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
2022				
Claims liabilities	(A)	5,738,114	(3,786,611)	1,951,503
Premiums/contribution liabilities	(B)	1,643,431	(314,457)	1,328,974
Unallocated surplus of general takaful fund		199,596	-	199,596
FVOCI reserve		(62,411)	-	(62,411)
		7,518,730	(4,101,068)	3,417,662
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

(A) Claims liabilities

Group	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
As at 31 December 2022			
At 1 January 2022	6,332,509	(4,615,205)	1,717,304
Claims incurred in the current accident year	2,376,423	(866,879)	1,509,544
Other movements in claims incurred in prior accident year	(1,100,440)	1,064,565	(35,875)
Claims paid during the financial year	(1,882,755)	612,726	(1,270,029)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	476	24,729	25,205
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	18,575	(8,885)	9,690
Exchange differences	(6,674)	2,338	(4,336)
At 31 December 2022	5,738,114	(3,786,611)	1,951,503
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

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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 2022			
At 1 January 2022	1,536,188	(295,229)	1,240,959
Premiums/contributions written in the financial year	4,306,743	(1,605,788)	2,700,955
Premiums/contributions earned during the financial year	(4,193,696)	1,585,025	(2,608,671)
Exchange differences	(5,804)	1,535	(4,269)
At 31 December 2022	1,643,431	(314,457)	1,328,974
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

(ii) Other insurance payables

Group	2022 RM'000	2021 RM'000
Due to agents and intermediaries	335,012	195,140
Due to reinsurers and cedants	486,737	688,580
Due to retakaful operators	131,403	99,155
	953,152	982,875

27. OTHER LIABILITIES

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amount due to brokers and clients	56	6,515,828	6,614,605	–	–
Deposits, other creditors and accruals		10,857,367	10,431,573	8,696,564	7,837,308
Defined benefit pension plans	(i)	483,374	554,914	–	–
Provisions for commitments and contingencies	(ii)	38,880	56,996	28,080	26,196
Allowances for impairment losses on loan commitments and financial guarantee contracts	(iii)	454,808	287,372	268,678	184,562
Lease liabilities	(iv)	1,139,694	1,127,829	543,134	541,348
Structured deposits		7,037,114	2,428,807	264,786	293,108
		26,527,065	21,502,096	9,801,242	8,882,522

(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	2022 RM'000	2021 RM'000
Within the next 12 months	86,574	40,882
Between 1 and 5 years	207,599	244,089
Between 5 and 10 years	417,615	462,756
Beyond 10 years	2,059,727	2,657,685
Total expected payments	2,771,515	3,405,412

(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 2022			
At 1 January 2022	597,498	(42,584)	554,914
Included in income statements:			
Current service cost	62,785	-	62,785
Past service income	(3,378)	-	(3,378)
Interest income/(cost)	27,424	(610)	26,814
Actuarial loss on other long-term employee benefits plans	196	-	196
	87,027	(610)	86,417
Included in statements of comprehensive income:			
Remeasurement (gain)/loss:			
- Actuarial gain arising from:			
- Demographic assumptions	(1,313)	-	(1,313)
- Financial assumptions	(16,018)	-	(16,018)
- Experience adjustments	(23,982)	-	(23,982)
- Return on plan assets (excluding interest income)	395	245	640
	(40,918)	245	(40,673)
Others:			
Contributions paid by employers	(2,619)	3,844	1,225
Benefits paid	(43,022)	10,720	(32,302)
Impact of changes in attribution period*	(56,054)	-	(56,054)
Exchange differences	(19,268)	(10,885)	(30,153)
	(120,963)	3,679	(117,284)
At 31 December 2022	522,644	(39,270)	483,374

* Subsequent to the clarification issued by the Financial Accounting Standards Board-Indonesian Institute of Accountants in relation to the attribution period of the defined employee benefit.

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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 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:			
- 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

(c) Plan assets

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

Group	2022 RM'000	2021 RM'000
Cash and cash equivalents	6,767	3,192
Quoted investments in active markets:		
Equity securities:		
- Financial institutions	4,930	5,160
Bonds issued by foreign governments	19,638	29,254
Debt instruments	-	4,930
Other receivables	8,443	1,367
Other payables	(508)	(1,319)
	39,270	42,584

For Bank's subsidiaries which have plan assets, an Asset-Liability Matching Study ("ALM") is performed at each reporting date. The principal technique of the ALM is to ensure the expected return on assets is sufficient to support the desired level of funding arising from the defined benefit plans.

27. OTHER LIABILITIES (CONT'D.)**(i) Defined benefit pension plans (cont'd.)**

(d) Defined benefit obligations

(A) Actuarial assumptions

The principal assumptions used by subsidiaries in determining its pension obligations are as follows:

Group	2022 %	2021 %
Discount rate		
– Indonesia	6.85	6.37
– Philippines	6.52	4.90
– Thailand	2.50	1.66
Future salary growth		
– Indonesia	7.00	6.83
– Philippines	3.10	4.77
– Thailand	5.00	5.00

Group	2022 Years	2021 Years
Indonesia:		
Life expectancy for individual retiring at age of 55 – 56:		
– Male	20.48	20.62
– Female	21.45	21.58
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	14.40	13.00
– Female	21.00	21.00

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

Group	2022 Years	2021 Years
Duration of defined benefit plans obligations		
– Indonesia	9.30	10.45
– Philippines	11.14	11.37
– Thailand	15.15	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
2022		
Discount rate (1% movement)	(25,650)	31,245
Future salary growth (1% movement)	36,007	(35,184)
Future mortality (1% movement)	130	(130)

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27. OTHER LIABILITIES (CONT'D.)

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

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

(B) Sensitivity analysis (cont'd.)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below (cont'd.):

Group	Defined benefit obligations	
	Increased by 1% RM'000	Decreased by 1% RM'000
2021		
Discount rate (1% movement)	(37,843)	44,225
Future salary growth (1% movement)	51,880	(45,362)
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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	56,996	75,798	26,196	27,880
Addition	1,884	30,800	1,884	-
Written back	(20,000)	(49,602)	-	(1,684)
At 31 December	38,880	56,996	28,080	26,196

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

	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2022				
Group				
At 1 January 2022	127,960	68,815	90,597	287,372
Transferred to Stage 1	7,732	(7,604)	(128)	-
Transferred to Stage 2	(1,990)	2,011	(21)	-
Transferred to Stage 3	(110)	(7,902)	8,012	-
Net remeasurement of allowances	(14,554)	2,541	235,313	223,300
New credit exposures originated or purchased	104,771	27,330	-	132,101
Credit exposures derecognised	(73,506)	(47,814)	(79,166)	(200,486)
Changes in models/risk parameters	515	65	112	692
Exchange differences	11,334	404	91	11,829
At 31 December 2022	162,152	37,846	254,810	454,808
Bank				
At 1 January 2022	67,231	44,662	72,669	184,562
Transferred to Stage 1	3,163	(3,163)	-	-
Transferred to Stage 2	(1,054)	1,054	-	-
Transferred to Stage 3	(5)	(1,183)	1,188	-
Net remeasurement of allowances	(14,684)	(1,374)	146,211	130,153
New credit exposures originated or purchased	65,828	14,215	-	80,043
Credit exposures derecognised	(39,537)	(34,685)	(62,828)	(137,050)
Changes in models/risk parameters	50	-	119	169
Exchange differences	10,155	581	65	10,801
At 31 December 2022	91,147	20,107	157,424	268,678

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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 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
As at 31 December 2021				
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

(iv) Lease liabilities

The movements in lease liabilities are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	1,127,829	1,178,902	541,348	410,438
New lease contracts	481,296	345,008	89,749	225,946
Modification	(10,696)	(17,132)	-	-
Termination	(4,765)	(3,227)	(2,649)	(1,127)
Lease finance cost (Note 43)	40,769	41,011	14,315	13,021
Lease obligation reduction/repayment	(494,739)	(416,733)	(99,629)	(106,930)
At 31 December	1,139,694	1,127,829	543,134	541,348

The undiscounted maturity analysis of lease liabilities are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Less than one year	267,183	107,791	23,820	22,728
Between one and five years	512,690	593,525	173,006	195,213
More than five years	513,029	526,831	384,390	386,308
	1,292,902	1,228,147	581,216	604,249

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28. PROVISION FOR TAXATION AND ZAKAT

	Group	
	2022 RM'000	2021 RM'000
Taxation	306,506	256,380
Zakat	65,670	55,005
	372,176	311,385

29. DEFERRED TAX

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	(966,312)	679,920	(468,101)	377,830
Recognised in income statements:				
Tax expenses (Note 48)	(251,176)	(84,619)	(50,223)	(1,982)
Tax borne by insurance policyholders/takaful participants	(50,950)	(68,724)	-	-
Over provision in prior year	-	(677,810)	-	(249,265)
Effects of increase in income tax rate	-	28,807	-	26,674
Recognised in statements of other comprehensive income, net	(788,268)	(862,108)	(584,006)	(637,612)
Exchange differences	(5,774)	18,222	3,068	16,254
At 31 December	(2,062,480)	(966,312)	(1,099,262)	(468,101)

Presented after appropriate offsetting as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	(2,462,917)	(1,505,378)	(1,099,262)	(468,101)
Deferred tax liabilities	400,437	539,066	-	-
	(2,062,480)	(966,312)	(1,099,262)	(468,101)

Presented prior to offsetting as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	(2,633,636)	(1,561,664)	(1,169,780)	(562,620)
Deferred tax liabilities	571,156	595,352	70,518	94,519
	(2,062,480)	(966,312)	(1,099,262)	(468,101)

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 2022					
At 1 January 2022	(766,538)	(44,792)	(516,754)	(233,580)	(1,561,664)
Recognised in income statements:					
Tax expenses	(55,044)	(75,555)	(69,015)	(60,766)	(260,380)
Tax borne by insurance policyholders/takaful participants	-	-	-	(46,103)	(46,103)
Recognised in statements of other comprehensive income	2,363	(690,357)	235	-	(687,759)
Exchange differences	(34,556)	(58,953)	(3,038)	18,817	(77,730)
At 31 December 2022	(853,775)	(869,657)	(588,572)	(321,632)	(2,633,636)
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)
Effects 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)

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 2022						
At 1 January 2022	106,729	164,492	-	313,283	10,848	595,352
Recognised in income statements:						
Tax expenses	8,675	(94,429)	-	25,835	69,123	9,204
Tax borne by insurance policyholders/takaful participants	-	-	-	-	(4,847)	(4,847)
Recognised in statements of other comprehensive income	-	(106,396)	-	5,887	-	(100,509)
Exchange differences	(882)	71,563	-	-	1,275	71,956
At 31 December 2022	114,522	35,230	-	345,005	76,399	571,156
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)
Effects 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

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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 2022				
At 1 January 2022	(253,122)	(36,577)	(272,921)	(562,620)
Recognised in income statements:				
Tax expenses	(12,101)	-	(75,884)	(87,985)
Recognised in statements of other comprehensive income	-	(522,243)	-	(522,243)
Exchange differences	18,281	(10,125)	(5,088)	3,068
At 31 December 2022	(246,942)	(568,945)	(353,893)	(1,169,780)
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)

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 2022					
At 1 January 2022	20,369	73,161	-	989	94,519
Recognised in income statements:					
Tax expenses	38,522	-	-	(760)	37,762
Recognised in statements of other comprehensive income	-	(61,763)	-	-	(61,763)
At 31 December 2022	58,891	11,398	-	229	70,518
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)
Effects of increase in income 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

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29. DEFERRED TAX (CONT'D.)

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

Group	2022 RM'000	2021 RM'000
Unutilised tax losses	579,615	534,612
Unabsorbed capital allowances	-	30
	579,615	534,642

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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Secured:	(a)				
(i) Borrowings					
- Less than one year					
Denominated in:					
- IDR		636,894	423,655	-	-
- More than one year					
Denominated in:					
- IDR		1,308,473	1,574,695	-	-
Total secured borrowings		1,945,367	1,998,350	-	-
Unsecured:	(b)				
(i) Borrowings					
- Less than one year					
Denominated in:					
- USD		552,842	1,320,350	221,002	625,800
- CNY		378,352	1,361,245	378,352	1,361,245
- SGD		3,874,228	2,410,865	388,752	1,105,780
- THB		1,422,339	1,691,320	-	-
- HKD		98,517	-	-	-
- IDR		1,667,064	47,181	-	-
- PHP		3,960	3,274	-	-
- VND		-	56	-	-
- JPY		422	-	-	-
- RM		-	247	-	247
		7,997,724	6,834,538	988,106	3,093,072
- More than one year					
Denominated in:					
- USD		214,925	832,823	214,925	-
- IDR		294,855	685,068	-	-
- CNY		220,592	208,669	220,592	208,669
- JPY		-	761	-	-
- RM ¹		2,507,594	2,459,126	2,507,594	2,459,126
		3,237,966	4,186,447	2,943,111	2,667,795

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30. BORROWINGS (CONT'D.)

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unsecured (cont'd.):	(b)				
(ii) Medium Term Notes					
– Less than one year					
Denominated in:					
– USD		3,802,532	555,727	3,802,532	555,727
– HKD		653,592	1,174,757	653,592	1,174,757
– SGD		687	687	687	687
– JPY		1,556,787	2,312,040	1,556,787	2,312,040
– AUD		116,490	145,376	116,490	145,376
– CNH		533,795	1,726,372	533,795	1,726,372
– CNY		–	664,819	–	664,819
– RM		179,358	359	179,358	359
		6,843,241	6,580,137	6,843,241	6,580,137
– More than one year					
Denominated in:					
– USD		5,660,976	8,640,606	5,660,976	8,640,606
– HKD		1,224,550	1,807,414	1,224,550	1,807,414
– JPY		2,614,635	3,473,520	2,614,635	3,473,520
– AUD		381,549	526,282	381,549	526,282
– CNH		1,829,999	1,501,058	1,829,999	1,501,058
		11,711,709	15,948,880	11,711,709	15,948,880
Total unsecured borrowings		29,790,640	33,550,002	22,486,167	28,289,884
Total borrowings		31,736,007	35,548,352	22,486,167	28,289,884

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 RM1,659,006,000 (2021: RM1,609,126,000) 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 movements in the borrowings are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	35,548,352	38,097,224	28,289,884	33,134,255
Repayment, net	(3,930,539)	(2,728,211)	(5,797,913)	(4,895,984)
Non-cash changes:				
Others	(128,324)	81,856	(133,721)	56,776
Exchange differences	246,518	97,483	127,917	(5,163)
At 31 December	31,736,007	35,548,352	22,486,167	28,289,884

30. BORROWINGS (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 2022:

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

Issuance/Redemption	Currency	Description	Aggregate Nominal Value (in million)
Issuance	JPY	Fixed Rate Notes (Samurai Bonds)	30,000.0
Issuance	CNY	Fixed Rate Notes	1,440.0
Issuance	USD	Floating Rate Notes	80.0
Redemption	USD	Floating Rate Notes	84.0
Redemption	USD	Fixed Rate Notes	50.0
Redemption	CNY	Fixed Rate Notes	2,550.0
Redemption	AUD	Floating Rate Notes	48.0
Redemption	JPY	Fixed Rate Notes (Samurai Bonds)	39,800.0
Redemption	HKD	Fixed Rate Notes	2,133.0
Redemption	JPY	Fixed Rate Notes	24,000.0
Redemption	CNY	Fixed Rate Notes (Panda Bonds)	1,000.0

(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 2022 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
RM	Zero Coupon Notes	179.0
SGD	Fixed Rate Notes*	106.3
USD	Fixed Rate Notes*	7.1

* Extendible money market certificates

(3) Issuance of structured notes by the Bank

The aggregate nominal value of the structured notes issued by the Bank and outstanding as at 31 December 2022 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
SGD	Equity-Linked Notes	1.1

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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 2022 (cont'd.):

(4) 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	2,600,000.0
Redemption	IDR	Fixed Rate Notes	2,911,200.0

(5) Issuance of commercial papers by Maybank Singapore Limited

The aggregate nominal value of the commercial papers issued by Maybank Singapore Limited and outstanding as at 31 December 2022 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
USD	Zero Coupon Notes	607.8

31. SUBORDINATED OBLIGATIONS

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
RM2,000.0 million Subordinated Sukuk Murabahah due in 2029	(i)	2,037,850	2,036,944	2,037,850	2,036,944
RM1,700.0 million Subordinated Sukuk Murabahah due in 2031	(ii)	1,732,635	1,731,874	1,732,635	1,731,874
RM2,300.0 million Subordinated Sukuk Murabahah due in 2030	(iii)	2,314,474	2,314,226	2,314,474	2,314,226
RM700.0 million Subordinated Sukuk Murabahah due in 2032	(iv)	703,297	703,220	703,297	703,220
RM3,000.0 million Subordinated Sukuk Murabahah due in 2031	(v)	3,044,227	3,043,708	3,041,977	3,041,458
IDR800.0 billion subordinated bonds due in 2023	(vi)	93,855	96,888	-	-
RM309.0 million subordinated bonds due in 2031	(vii)	312,051	312,417	-	-
		10,238,389	10,239,277	9,830,233	9,827,722

The movements in the subordinated obligations are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	10,239,277	8,967,831	9,827,722	8,808,639
Issuance during the financial year	-	3,309,000	-	3,000,000
Redemption during the financial year	-	(2,163,655)	-	(2,008,500)
Non-cash changes:				
Others	2,168	31,750	2,511	27,583
Exchange differences	(3,056)	94,351	-	-
At 31 December	10,238,389	10,239,277	9,830,233	9,827,722

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31. SUBORDINATED OBLIGATIONS (CONT'D.)

Note	Description	Issue date	First call date	Maturity date	Coupon/ Profit rate (% p.a.)	Nominal value
Malayan Banking Berhad						
<u>RM10.0 billion Sukuk Programme</u>						
(i)	RM Subordinated Sukuk Murabahah ^{1, 2}	31-Jan-19	31-Jan-24	31-Jan-29	4.63	RM2,000.0 million
(ii)	RM Subordinated Sukuk Murabahah ^{1, 2}	31-Jan-19	30-Jan-26	31-Jan-31	4.71	RM1,700.0 million
(iii)	RM Subordinated Sukuk Murabahah ^{1, 2}	9-Oct-20	9-Oct-25	9-Oct-30	2.90	RM2,300.0 million
(iv)	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>						
(v)	RM Subordinated Sukuk Murabahah ^{1, 2}	5-Aug-21	5-Aug-26	5-Aug-31	3.41	RM3,000.0 million
<u>PT Bank Maybank Indonesia Tbk</u>						
(vi)	Shelf Subordinated Bonds II Bank Maybank Indonesia Year 2016 – Tranche II	10-Jun-16	–	10-Jun-23	9.63	IDR800.0 billion
<u>Maybank Ageas Holdings Sdn Bhd</u>						
(vii)	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.

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	
				2022 RM'000	2021 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	1,251,695	1,250,887
RM1,560 million 4.13% AT1 Sukuk Mudharabah ¹	25-Sep-19	25-Sep-26	Perpetual	1,577,122	1,576,945
				2,828,817	2,827,832

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.

The movements in capital securities are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
At 1 January	2,827,832	2,827,793
Non-cash changes:		
Others	985	39
At 31 December	2,828,817	2,827,832

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

Group and Bank	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Issued and fully paid ordinary shares:				
At 1 January	11,878,513	11,241,362	53,156,473	48,280,355
Shares issued under the:				
– Dividend Reinvestment Plan (“DRP”) issued on:				
– 19 October 2022	77,877	–	652,186	–
– 14 April 2022	91,500	–	756,238	–
– 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”)	6,237	5,361	54,447	42,782
At 31 December	12,054,127	11,878,513	54,619,344	53,156,473

(a) Increase in share capital

During the current financial year ended 31 December 2022, the Bank increased its share capital from RM53,156,472,575 to RM54,619,343,465 via:

- Issuance of 91,500,212 new ordinary shares amounting to RM756,237,687 arising from the DRP relating to electable portion of the single-tier second interim dividend of 7.5 sen in respect of the financial year ended 31 December 2021, as disclosed in Note 52(c)(i) to the financial statements;
- Issuance of 77,876,862 new ordinary shares amounting to RM652,185,939 arising from the DRP relating to electable portion of the single-tier first interim dividend of 7.0 sen in respect of the financial year ended 31 December 2022, as disclosed in Note 52(c)(ii) to the financial statements; and
- Issuance of 6,236,800 new ordinary shares amounting to RM54,447,264 arising from the 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:

- 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;
 - 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
 - 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:
- elect to receive the Electable Portion in cash; or
 - 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.

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. The scheme was administered by the ESGP Committee since its implementation in December 2018 until the said Committee was dissolved and its roles and responsibilities were taken over by the Nomination and Remuneration Committee of the Board ("NRC") with effect from 1 February 2021. Since then, the scheme is administered by the NRC. 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 NRC.

The ESGP Shares is a form of Restricted Share Units ("RSU") and the NRC 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 NRC 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	
30.09.2019 – Second Grant	6.6510	13,118	Based on 3-year cliff vesting from grant date and performance metrics
30.09.2020 – Third Grant	6.1118	13,541	
30.09.2021 – Fourth Grant	6.0958	14,084	
30.09.2022 – Fifth Grant	6.4241	15,472	

The following table illustrates the number of, and movements in, ESGP Shares during the financial year ended 31 December 2022:

Award date	Outstanding as at 01.01.2022 '000	Movements during the financial year			Outstanding as at 31.12.2022 '000
		Awarded '000	Vested '000	Forfeited '000	
30.09.2019 – Second Grant	11,707	–	(6,240)	(5,467)	–
30.09.2020 – Third Grant	12,948	–	–	(1,098)	11,850
30.09.2021 – Fourth Grant	14,027	19	–	(884)	13,162
30.09.2022 – Fifth Grant	–	15,472	–	–	15,472
	38,682	15,491	(6,240)	(7,449)	40,484

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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	30.09.2022 Fifth Grant
Fair value of ESGP Shares (RM)	7.0235	6.6510	6.1118	6.0958	6.4241
Closing share price at award date (RM)	9.37	8.51	7.22	8.05	8.58
Expected volatility (%)	14.00	13.40	16.47	17.54	17.76
Vesting period (years)	3	3	3	3	3
Risk-free rate (%)	3.65	3.15	2.01	2.48	3.68
Expected dividend yield (%)	6.17	7.03	5.35	7.36	6.98

(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	
30.09.2019 – Second Grant	6.6510	5,000	Based on 3-year cliff vesting from grant date and CESGP vesting conditions
30.09.2020 – Third Grant	6.1118	5,378	
30.09.2021 – Fourth Grant	6.0958	5,616	
30.09.2022 – Fifth Grant	6.4241	6,006	

The following table illustrates the number of, and movements in, CESGP during the financial year ended 31 December 2022:

Award date	Outstanding as at 01.01.2022 '000	Movements during the financial year			Outstanding as at 31.12.2022 '000
		Awarded '000	Vested '000	Forfeited '000	
30.09.2019 – Second Grant	4,019	–	(2,155)	(1,864)	–
30.09.2020 – Third Grant	4,693	–	–	(179)	4,514
30.09.2021 – Fourth Grant	5,489	–	–	(313)	5,176
30.09.2022 – Fifth Grant	–	6,006	–	–	6,006
	14,201	6,006	(2,155)	(2,356)	15,696

(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	30.09.2022 Fifth Grant
Fair value of CESGP (RM)	7.0235	6.6510	6.1118	6.0958	6.4241
Closing share price at award date (RM)	9.37	8.51	7.22	8.05	8.58
Expected volatility (%)	14.00	13.40	16.47	17.54	17.76
Vesting period (years)	3	3	3	3	3
Risk-free rate (%)	3.65	3.15	2.01	2.48	3.68
Expected dividend yield (%)	6.17	7.03	5.35	7.36	6.98

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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 movements of shares held-in-trust are as follows:

Group and Bank	Number of ordinary shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
At 1 January	160	-	1,274	-
Issuance of shares in relation to ESGP shares	6,237	5,361	54,447	42,782
Additional shares issued due to election under DRP	- ¹	-	4	-
ESGP vested to the eligible employees of the Group and of the Bank	(6,372)	(5,201)	(55,527)	(41,508)
At 31 December	25	160	198	1,274

¹ Denotes 513 ordinary shares

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 2022			
At 1 January 2022	670,123	28,959,603	29,629,726
Profit for the financial year	104,372	8,130,577	8,234,949
Total comprehensive income for the financial year	104,372	8,130,577	8,234,949
Transfer from non-par surplus upon recommendation by the Appointed Actuary	(82,049)	82,049	-
Net loss on disposal of financial investments at fair value through other comprehensive income	(2,713)	(6,574)	(9,287)
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 33(c))	-	17,326	17,326
Effect of net acquisition from/disposal to non-controlling interests	-	(5,379)	(5,379)
Transfer to statutory reserve	-	(96,931)	(96,931)
Transfer to regulatory reserve	-	(1,149,798)	(1,149,798)
Dividends paid (Note 52)	-	(6,915,145)	(6,915,145)
Total transactions with shareholders/other equity movements	(84,762)	(8,074,452)	(8,159,214)
At 31 December 2022	689,733	29,015,728	29,705,461
As at 31 December 2021			
At 1 January 2021	618,963	28,875,664	29,494,627
Profit for the financial year	127,305	7,968,924	8,096,229
Total comprehensive income for the financial year	127,305	7,968,924	8,096,229
Transfer from non-par surplus upon recommendation by the Appointed Actuary	(76,145)	76,145	-
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	(76,145)	(7,884,985)	(7,961,130)
At 31 December 2021	670,123	28,959,603	29,629,726

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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 2022 and 31 December 2021 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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable:					
Statutory reserve	(a)	429,303	332,372	79,003	74,696
Regulatory reserve	(b)	2,465,059	1,315,261	1,549,033	1,180,201
Other reserves	(c)	(220,172)	(301,124)	56,694	6,995
FVOCI reserve	2.3(v)(b)(2)	(1,630,719)	1,234,705	(1,180,242)	930,283
Exchange fluctuation reserve	2.3(xviii)(c)	499,269	351,277	2,921,100	2,430,642
ESGP reserve	2.3(xxv)(e)	89,687	94,006	89,687	94,006
		1,632,427	3,026,497	3,515,275	4,716,823

- (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 2022					
At 1 January 2022	12,912	(2,712)	49,423	(360,747)	(301,124)
Other comprehensive income/(loss)	1,085	(443)	30,611	49,699	80,952
Defined benefit plan actuarial gain	-	-	30,611	-	30,611
Cost of hedging for fair value hedge	-	-	-	49,699	49,699
Net gain on capital reserve	1,085	-	-	-	1,085
Net loss on revaluation reserve	-	(443)	-	-	(443)
Total comprehensive income/(loss) for the financial year	1,085	(443)	30,611	49,699	80,952
At 31 December 2022	13,997	(3,155)	80,034	(311,048)	(220,172)
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)

- (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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	37	21,627,555	17,205,258	14,589,344	11,610,664
Income derived from investment of depositors' funds	64(b)	9,534,723	8,811,464	–	–
Income derived from investment of investment account funds	64(b)	1,092,610	951,680	–	–
Income derived from investment of Islamic Banking Funds	64(b)	542,853	557,760	–	–
Profit share income from investment accounts	64(b)	242	85	–	–
Net earned insurance premiums	39	8,977,582	8,846,782	–	–
Dividends from subsidiaries and associates	40	–	–	3,498,845	3,959,559
Other operating income	41	4,625,377	4,470,670	4,329,736	3,004,912
Excluding non-operating revenue which comprises the following items:					
– Interest expense on derivatives*		4,389,760	4,842,578	4,276,451	4,717,337
– Direct costs on brokerage and commission income		222,640	334,610	–	–
– Net gain on disposal/change in structure of deemed controlled structured entities	41	–	(8,571)	–	(34,846)
– Net loss on liquidation of a subsidiary	41	–	7,165	–	–
– Net loss on dilution of interest in associate	41	1,752	60,158	–	–
– Rental income	41	(42,479)	(45,560)	(59,813)	(60,552)
– (Gain)/loss on disposal of property, plant and equipment	41	(3,999)	103	(1,015)	1,246
– Fair value adjustments on investment properties	41	(13,531)	(30,301)	–	–
– Other non-operating income	41	(41,213)	(44,406)	(21,884)	(17,211)
		9,138,307	9,586,446	8,523,475	7,610,886
		50,913,872	45,959,475	26,611,664	23,181,109

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

37. INTEREST INCOME

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans, advances and financing ¹	14,772,720	11,800,749	9,330,324	7,536,746
Money at call and deposits and placements with financial institutions	675,064	339,253	1,047,102	519,800
Financial assets purchased under resale agreements	287,148	111,234	205,864	33,936
Financial assets at FVTPL	922,959	1,014,957	182,830	259,819
Financial investments at FVOCI	3,338,306	2,833,927	2,139,536	1,869,248
Financial investments at amortised cost	1,834,189	1,281,830	1,566,555	1,265,972
	21,830,386	17,381,950	14,472,211	11,485,521
(Amortisation of premiums)/accretion of discounts, net	(202,831)	(176,692)	117,133	125,143
	21,627,555	17,205,258	14,589,344	11,610,664

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM227,523,000 (2021: RM240,935,000) for the Group and RM155,157,000 (2021: RM174,839,000) for the Bank.

¹ There was no significant impact to interest income for the Group and the Bank arising from government support measures to assist borrowers and customers adversely impacted by COVID-19 in order to sustain their business operations for the financial year ended 31 December 2022. The net effect for the previous financial year ended 31 December 2021 was RM20,016,000 for the Group and 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets modified during the financial year				
Amortised cost before modification	89,715	77,128,484	83,861	22,513,702
Modification gain/(loss)	4,360	(60,548)	640	11
Amortised cost after modification	94,075	77,067,936	84,501	22,513,713
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	723,955	727,495	221,087	370,565

38. INTEREST EXPENSE

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits and placements from financial institutions	846,541	266,302	979,829	250,171
Deposits from customers	4,853,173	3,425,736	3,375,802	1,921,877
Obligations on financial assets sold under repurchase agreements	207,706	48,225	476,200	170,463
Borrowings	865,760	705,816	537,254	442,097
Subordinated obligations	458,915	482,435	365,082	371,684
Capital securities	115,690	115,690	115,690	115,690
Structured deposits	93,797	19,855	6,007	5,524
Financial liabilities at fair value through profit or loss	351,760	107,154	351,760	107,154
	7,793,342	5,171,213	6,207,624	3,384,660

39. NET EARNED INSURANCE PREMIUMS

Group	2022 RM'000	2021 RM'000
Gross earned premiums	10,832,957	11,393,382
Premiums ceded to reinsurers	(1,855,375)	(2,546,600)
	8,977,582	8,846,782

40. DIVIDENDS FROM SUBSIDIARIES AND ASSOCIATES

Bank	2022 RM'000	2021 RM'000
Gross dividend income from:		
Subsidiaries	3,498,346	3,958,663
Associates	499	896
	3,498,845	3,959,559

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41. OTHER OPERATING INCOME

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fee income:				
Commission	1,231,485	1,341,707	951,865	869,186
Service charges and fees	1,474,076	1,537,561	842,483	853,532
Underwriting fees	50,586	52,183	23,211	10,367
Brokerage income	327,807	496,111	962	-
Fees on loans, advances and financing	258,639	210,627	204,502	110,311
	3,342,593	3,638,189	2,023,023	1,843,396
Investment income:				
Net gain/(loss) on disposal of financial assets at FVTPL				
- Designated upon initial recognition	608	28,617	-	-
- Financial investments at FVTPL	(625,141)	(47,141)	(59,077)	(23,659)
Net (loss)/gain on disposal of financial investments at FVOCI	(220,413)	541,888	32,567	437,716
Net (loss)/gain on redemption of financial investments at amortised cost	(1,159)	20	(1,159)	10,796
Net gain on disposal/change in structure of deemed controlled structured entities	-	8,571	-	34,846
Net loss on liquidation of a subsidiary	-	(7,165)	-	-
Net loss on dilution of interest in associate	(1,752)	(60,158)	-	-
	(847,857)	464,632	(27,669)	459,699
Gross dividend income from:				
Financial investments at FVOCI				
- Quoted in Malaysia	35,862	46,331	1,115	1,115
- Unquoted in Malaysia	1,110	897	1,070	818
- Quoted outside Malaysia	10,696	9,726	-	-
- Unquoted outside Malaysia	826	329	-	-
	48,494	57,283	2,185	1,933
Financial assets at FVTPL				
- Quoted in Malaysia	71,779	76,041	-	-
- Quoted outside Malaysia	57,611	23,419	-	-
- Unquoted in Malaysia	8,489	5,631	4,256	4,256
- Unquoted outside Malaysia	188	-	-	-
	138,067	105,091	4,256	4,256
	186,561	162,374	6,441	6,189
Unrealised (loss)/gain on revaluation of:				
Financial assets designated upon initial recognition at FVTPL	(526,793)	(764,225)	-	-
Financial investments at FVTPL	(308,404)	(235,829)	8,292	(81,887)
Financial liabilities at FVTPL	3,550,781	795,287	3,550,781	795,287
Derivatives	(2,785,390)	(146,828)	(2,848,646)	(487,009)
	(69,806)	(351,595)	710,427	226,391
Other income:				
Foreign exchange gain, net	823,082	90,976	687,611	29,733
Realised gain on derivatives	896,081	357,056	717,948	393,493
Realised loss on financial liabilities at FVTPL	-	(138,277)	-	(138,277)
Rental income	42,479	45,560	59,813	60,552
Gain/(loss) on disposal of property, plant and equipment	3,999	(103)	1,015	(1,246)
Gain on disposal of foreclosed properties	22,891	6,037	-	-
Fair value adjustments on investment properties (Note 16)	13,531	30,301	-	-
Other operating income	170,610	121,114	129,243	107,771
Other non-operating income	41,213	44,406	21,884	17,211
	2,013,886	557,070	1,617,514	469,237
Total other operating income	4,625,377	4,470,670	4,329,736	3,004,912

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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	2022 RM'000	2021 RM'000
Gross benefits and claims paid	7,087,583	5,499,316
Claims ceded to reinsurers	(803,311)	(1,135,280)
Gross change to contract liabilities	(153,705)	4,353,626
Change in contract liabilities ceded to reinsurers	750,479	(1,544,320)
Net insurance benefits and claims incurred	6,881,046	7,173,342
Net fee and commission expenses	457,621	317,680
Change in expense liabilities	(120,161)	(21,357)
Taxation of life and takaful fund	17,465	6,034
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	354,925	302,357
	7,235,971	7,475,699

43. OVERHEAD EXPENSES

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Personnel expenses				
Salaries, allowances and bonuses	5,798,547	5,202,312	3,046,653	2,683,736
Social security cost	50,190	45,670	24,790	22,855
Retirement cost	696,779	621,217	458,316	402,579
ESGP expenses ¹	87,616	98,193	44,662	53,736
Other staff related expenses	870,385	840,786	480,069	429,693
	7,503,517	6,808,178	4,054,490	3,592,599
Establishment costs				
Depreciation of property, plant and equipment (Note 20)	297,091	299,986	77,836	89,545
Depreciation of right-of-use assets (Note 21)	511,365	448,564	115,958	110,589
Amortisation of agency force (Note 22)	-	756	-	-
Amortisation of computer software (Note 22)	270,960	281,968	73,519	64,499
Rental of leasehold land and premises	26,552	26,906	5,775	7,879
Repairs and maintenance of property, plant and equipment	187,439	172,773	97,855	84,737
Information technology expenses	699,511	609,215	1,083,145	932,454
Finance cost on lease liabilities (Note 27(iv))	40,769	41,011	14,315	13,021
Others	23,046	37,340	14,655	9,321
	2,056,733	1,918,519	1,483,058	1,312,045
Marketing expenses				
Advertisement and publicity	224,480	163,843	98,393	77,572
Others	447,804	267,005	299,577	124,891
	672,284	430,848	397,970	202,463
Administration and general expenses				
Fees and brokerage	1,184,621	1,020,842	803,518	654,053
Administrative expenses	597,855	573,798	228,735	174,003
General expenses	784,980	730,741	330,469	302,638
Others	7,098	35,613	(4,652)	4,928
	2,574,554	2,360,994	1,358,070	1,135,622
Overhead expenses allocated to subsidiaries	-	-	(1,541,533)	(1,219,834)
Total overhead expenses	12,807,088	11,518,539	5,752,055	5,022,895
Cost to income ratio ²	46.4%	45.3%	35.5%	33.1%

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43. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Included in overhead expenses are:				
Directors' fees and remuneration (Note 44)	30,716	22,848	24,971	18,292
Rental of equipment	38,196	36,974	2,513	2,276
Direct operating expenses of investment properties	5,933	5,668	-	-
Auditors' remuneration:				
Statutory audit:	26,573	23,335	11,475	10,351
- Ernst & Young PLT	12,235	10,246	6,903	6,193
- Other member firms of Ernst & Young Global	14,172	12,682	4,572	3,909
- Other auditors ³	166	407	-	249
Assurance and compliance related services:				
- Reporting accountants, review engagements and regulatory-related services	6,266	5,625	4,056	3,323
Non-audit services:				
- Other services	5,065	1,372	5,030	1,038
Employee benefit expenses (Note 27(i)(b))	86,417	89,115	-	-
Property, plant and equipment written off (Note 20)	5,240	269	222	155
Intangible assets written off (Note 22)	152	17,320	152	1,456
Expenses of short-term leases	19,159	19,984	1,191	4,193
Expenses of low value assets	29,789	33,023	10,581	13,131

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 RM68,530,773 and RM42,419,134 (2021: RM79,784,384 and RM48,897,004) 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 nil (2021: RM756,000). 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Bank:				
Executive directors:				
Salary	2,840	2,760	2,840	2,760
Bonus	4,140	4,140	4,140	4,140
Retirement cost	2,131	1,107	2,131	1,107
ESGP expenses	514	2,022	514	2,022
Other remuneration	7,025	248	7,025	248
Estimated monetary value of benefits-in-kind	78	71	78	71
	16,728	10,348	16,728	10,348
Non-executive directors:				
Fees	10,323	8,994	5,335	5,135
Other remuneration	3,743	3,577	2,986	2,880
Estimated monetary value of benefits-in-kind	439	379	246	184
	14,505	12,950	8,567	8,199
Sub-total for directors of the Bank	31,233	23,298	25,295	18,547
Indemnity given to or insurance effected for any directors	1,359	1,182	1,255	1,083
Total (including benefits-in-kind and indemnity given to or insurance effected for any directors) (Note 49(a)(iii))	32,592	24,480	26,550	19,630
Total (excluding benefits-in-kind and indemnity given to or insurance effected for any directors) (Note 43)	30,716	22,848	24,971	18,292

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

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 RM16,728,000 (2021: RM10,348,000).

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
2022								
Executive directors:								
Dato' Khairussaleh bin Ramli ¹	-	7,313	45	7,358	-	7,313	45	7,358
Tan Sri Abdul Farid bin Alias ²	-	9,337	33	9,370	-	9,337	33	9,370
	-	16,650	78	16,728	-	16,650	78	16,728
Non-executive directors:								
Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa	685	564	96	1,345	685	564	96	1,345
Datuk R. Karunakaran	1,263	313	48	1,624	460	192	24	676
Mr Cheng Kee Check	535	258	1	794	430	240	1	671
Mr Edwin Gerungan	989	233	122	1,344	385	183	19	587
Dr Hasnita binti Dato' Hashim	1,102	354	40	1,496	492	268	5	765
Mr Anthony Brent Elam	868	328	1	1,197	415	171	1	587
Ms Che Zakiah binti Che Din	906	371	1	1,278	460	256	1	717
Ms Fauziah binti Hisham	1,108	304	19	1,431	460	244	19	723
Mr Shariffuddin bin Khalid	813	274	6	1,093	445	200	6	651
Dato' Zulkiflee Abbas bin Abdul Hamid	1,290	356	54	1,700	520	328	23	871
Ms Shirley Goh	551	288	4	843	440	260	4	704
Dato' Idris bin Kechot ³	213	100	47	360	143	80	47	270
	10,323	3,743	439	14,505	5,335	2,986	246	8,567
Total directors' remuneration	10,323	20,393	517	31,233	5,335	19,636	324	25,295

* Includes bonus, ex-gratia, retirement cost, ESGP expenses, allowances, social allowances, leave passage and reimbursements.

¹ Appointed on 1 May 2022.

² Retired on 30 April 2022.

³ Retired on 14 May 2022.

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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.):

2021	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
Executive director:								
Tan Sri Abdul Farid bin Alias	-	10,277	71	10,348	-	10,277	71	10,348
Non-executive directors:								
Tan Sri Dato' Sri Zamzamzairani 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 allowances, leave passage and reimbursements.

¹ Appointed on 1 December 2021.

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Allowances for/(writeback of) for impairment losses on loans, advances and financing:				
- Stage 1 - 12-month ECL, net	(94,123)	(590,235)	79,991	(260,199)
- Stage 2 - Lifetime ECL not credit impaired, net	(174,582)	602,292	(311,032)	(281,563)
- Stage 3 - Lifetime ECL credit impaired, net	2,923,580	2,873,441	2,429,079	3,180,033
	2,654,875	2,885,498	2,198,038	2,638,271
Bad debts and financing:				
- Written off	86,932	83,094	58,021	56,589
- Recovered	(563,382)	(324,721)	(359,802)	(141,920)
	(476,450)	(241,627)	(301,781)	(85,331)
Allowances for/(writeback of) for impairment losses on other debts	10,886	14,670	(697)	1,444
	2,189,311	2,658,541	1,895,560	2,554,384

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial investments at FVOCI				
– Stage 1 – 12-month ECL, net	(1,098)	(5,779)	(731)	(176)
– Stage 2 – Lifetime ECL not credit impaired, net	5,588	864	2,971	(6)
– Stage 3 – Lifetime ECL credit impaired, net	147,225	25,116	43,201	25,628
	151,715	20,201	45,441	25,446
Financial investments at amortised cost				
– Stage 1 – 12-month ECL, net	(1,428)	(35,195)	(5,381)	(32,749)
– Stage 2 – Lifetime ECL not credit impaired, net	196	(351,760)	(267)	(123,365)
– Stage 3 – Lifetime ECL credit impaired, net	372,901	965,052	(136,986)	41,255
	371,669	578,097	(142,634)	(114,859)
	523,384	598,298	(97,193)	(89,413)

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) Other financial assets				
Cash and short-term funds				
– Stage 1 – 12-month ECL, net	(1,250)	7,031	(3,187)	5,267
	(1,250)	7,031	(3,187)	5,267
Deposit and placements with financial institutions				
– Stage 1 – 12-month ECL, net	(11,611)	(1,453)	(2,267)	383
	(11,611)	(1,453)	(2,267)	383
Financial assets purchased under resale agreements				
– Stage 1 – 12-month ECL, net	(2,899)	60	692	(1,575)
	(2,899)	60	692	(1,575)
Reinsurance/retakaful assets and other insurance receivables				
– Stage 1 – 12-month ECL, net	1,116	(57,995)	–	–
	1,116	(57,995)	–	–
Other assets				
– Stage 1 – 12-month ECL, net	213	348	–	–
– Stage 2 – Lifetime ECL not credit impaired, net	(11)	12	–	–
– Stage 3 – Lifetime ECL credit impaired, net	27,632	(28,463)	25,276	(45,426)
	27,834	(28,103)	25,276	(45,426)
Statutory deposit with central banks				
– Stage 1 – 12-month ECL, net	1,678	(462)	–	–
	1,678	(462)	–	–
	14,868	(80,922)	20,514	(41,351)
(b) Interest in associates				
Impairment on interest in associates	58,000	–	–	–
(c) Goodwill				
Impairment of goodwill	–	53,529	–	–
	72,868	(27,393)	20,514	(41,351)

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48. TAXATION AND ZAKAT

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian income tax	3,607,230	2,234,349	1,739,533	866,285
Foreign income tax	746,598	461,840	345,050	108,816
Less: Double taxation relief	(345,050)	(108,816)	(345,050)	(108,816)
	4,008,778	2,587,373	1,739,533	866,285
(Over)/under provision in respect of prior year:				
Malaysian income tax	(28,958)	659,324	(20,864)	224,346
Foreign income tax	(1,667)	3,926	-	-
	3,978,153	3,250,623	1,718,669	1,090,631
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	(251,176)	(84,619)	(50,223)	(1,982)
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	3,726,977	2,517,001	1,668,446	866,058
Zakat	53,287	48,079	-	-
	3,780,264	2,565,080	1,668,446	866,058

The Group's effective tax rate for the financial year ended 31 December 2022 was higher than the statutory tax rate due to impact of Prosperity Tax (or also known as Cukai Makmur) for Year of Assessment 2022 ("YA 2022") and effects of certain non-deductible expenses.

The Bank's effective tax rate for the financial year ended 31 December 2022 was lower than the statutory tax rate due to certain income not subject to tax, offset with impact of Prosperity Tax for YA 2022.

Domestic income tax for the Group and the Bank are 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 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 YA 2022. Taxation for foreign entities 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	12,153,266	10,886,595	8,639,365	7,743,960
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	24,000	2,612,783	24,000	1,858,550
Taxation at Malaysian statutory tax rate of 33%	3,977,577	-	2,817,990	-
Different tax rates in other countries	(230,767)	(96,677)	(90,907)	(27,952)
Effects of increase in income tax rate	-	28,807	-	26,674
Income not subject to tax	(118,537)	(150,324)	(1,185,888)	(1,036,806)
Expenses not deductible for tax purposes	184,483	207,028	124,115	70,511
Utilisation of previously unused tax losses and unabsorbed capital allowances	(35,974)	(25,372)	-	-
(Over)/under provision in income tax expense in prior year	(30,625)	663,250	(20,864)	224,346
Over provision of deferred tax in prior year	-	(677,810)	-	(249,265)
Share of profits in associates and joint ventures	(43,180)	(44,684)	-	-
Tax expense for the financial year	3,726,977	2,517,001	1,668,446	866,058

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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	
		2022 RM'000	2021 RM'000
Income:			
Interest on deposits		963,579	1,622,244
Dividend income	40	3,498,346	3,958,663
Other income		491,064	507,427
		4,952,989	6,088,334
Expenditure:			
Interest on deposits		256,110	64,595
Other expenses	(A)	980,058	817,636
		1,236,168	882,231
Others:			
ESGP expenses charged to subsidiaries		26,112	30,887
Overhead expenses allocated to subsidiaries	43	1,541,533	1,219,834
		1,567,645	1,250,721

(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
2022			
Information technology expenses	879,119	–	879,119
Research fees	–	19,046	19,046
Insurance premiums	38,565	–	38,565
Others	39,137	4,191	43,328
	956,821	23,237	980,058
2021			
Information technology expenses	746,167	–	746,167
Research fees	–	15,433	15,433
Insurance premiums	34,090	–	34,090
Others	20,877	1,069	21,946
	801,134	16,502	817,636

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

Notes to the Financial Statements

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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	
	2022 RM'000	2021 RM'000
Income:		
Dividend income (Note 40)	499	896

There were no significant transactions with joint ventures for the financial year ended 31 December 2022.

(iii) Key management personnel

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits				
- Fees	28,896	26,284	5,335	5,135
- Salaries, allowances and bonuses	65,545	60,725	10,668	10,028
- Retirement cost	6,591	5,201	2,131	1,107
- Other staff benefits	13,879	7,687	6,647	255
Share-based payment				
- ESGP expenses	9,309	14,633	514	2,022
Others				
- Indemnity given to or insurance effected for any directors (Note 44)	1,359	1,182	1,255	1,083
	125,579	115,712	26,550	19,630

Included in the total key management personnel compensation are:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' remuneration including benefits-in-kind and indemnity given to or insurance effected for any directors (Note 44)	32,592	24,480	26,550	19,630

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

(a) ESGP Shares

	Group		Bank	
	2022 '000	2021 '000	2022 '000	2021 '000
At 1 January	4,483	4,587	900	900
Adjustment*	48	18	-	-
Awarded	1,841	1,194	300	300
Vested	(778)	(607)	-	(150)
Forfeited	(1,067)	(709)	(900)	(150)
At 31 December	4,527	4,483	300	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	
	2022 '000	2021 '000	2022 '000	2021 '000
At 1 January	1,478	1,367	-	-
Adjustment*	63	83	-	-
Awarded	461	255	-	-
Vested	(250)	(151)	-	-
Forfeited	(418)	(76)	-	-
At 31 December	1,334	1,478	-	-

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

(b) Significant related party balances

(i) Subsidiaries

	Bank	
	2022 RM'000	2021 RM'000
Amounts due from:		
Current accounts and deposits	28,755,069	32,419,221
Loans, advances and financing	34,301,782	34,040,077
Interest and other receivable on deposits	268,406	392,766
Corporate bonds and sukuk	8,007,901	7,944,861
Derivative assets	287,088	282,537
	71,620,246	75,079,462
Amounts due to:		
Current accounts and deposits	23,838,539	16,645,100
Negotiable instruments of deposits	208	-
Obligations on financial assets sold under repurchase agreements	11,197,210	16,992,217
Interest payable on deposits	2,535	2,162
Deposits and other creditors	5,006,733	4,857,678
Derivative liabilities	286,679	168,220
	40,331,904	38,665,377
Commitments and contingencies	530,859	403,248

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

(ii) Associates

	Bank	
	2022 RM'000	2021 RM'000
Amounts due from:		
Current accounts and deposits	58,040	4,035

There were no significant balances with joint ventures as at 31 December 2022.

49. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

Related party transactions have been entered into 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans, advances and financing	80,666	70,501	19,766	13,334
Deposits from customers	175,669	130,269	65,883	44,021

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 6.87% (2021: 7.09%) and indirect shareholding of 32.63% (2021: 34.01%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera) as at 31 December 2022. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Transactions during the financial year:				
Interest and finance income	202,536	162,168	95,505	66,334
Balances as at reporting dates:				
Loans, advances and financing	6,508,512	5,847,687	3,357,302	2,696,477

(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 2022, management estimates that the aggregate amount of the significant transactions with other government-related entities for the Group is at 0.7% (2021: 0.7%) and the Bank is negligible (2021: negligible) of their total interest and finance income.

For the financial year ended 31 December 2022, management estimates that the aggregate amount of the significant balances due from other government-related entities for the Group and the Bank are 0.7% and 0.09% (2021: 0.9% and 0.07%) 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	
	2022	2021	2022	2021
Outstanding credit exposures with connected parties (RM'000)	23,296,154	25,425,741	19,572,786	26,246,100
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	2.5%	2.9%	3.7%	5.4%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	15.7%	15.4%	18.7%	14.9%

* 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	
	2022	2021	2022	2021
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	8,234,949	8,096,229	6,970,919	6,877,902
Weighted average number of ordinary shares in issue ('000)	11,968,687	11,622,345	11,968,687	11,622,345
Basic earnings per share (sen)	68.8	69.7	58.2	59.2

(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	2022 RM'000	2021 RM'000	Dividends per share	
			2022 sen	2021 sen
Single-tier second interim dividend of 30.0 sen in respect of the financial year ended 31 December 2021 (Note 52(c)(i))	3,563,554	–	30.00	–
Single-tier first interim dividend of 28.0 sen in respect of the financial year ended 31 December 2022 (Note 52(c)(ii))	3,351,604	–	28.00	–
Single-tier first interim dividend of 13.5 sen in respect of the financial year ended 31 December 2020	–	1,517,583*	–	13.50
Final dividend of 38.5 sen single-tier dividend in respect of the financial year ended 31 December 2020	–	4,394,388	–	38.50
Single-tier first interim dividend of 28.0 sen in respect of the financial year ended 31 December 2021	–	3,274,135	–	28.00
	6,915,158	9,186,106	58.00	80.00
Less: Dividend on shares held-in-trust	(13)	–		
	6,915,145	9,186,106		

* The financial statements for the previous financial year ended 31 December 2021 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).

(a) Second interim dividend

The Board of Directors has declared a single-tier second interim cash dividend in respect of the current financial year ended 31 December 2022 of 30.0 sen single-tier dividend per ordinary share amounting to dividend payable of RM3,616,238,128 (based on 12,054,127,092 ordinary shares issued as at 31 December 2022).

The financial statements for the current financial year ended 31 December 2022 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 2023.

(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 second interim dividend consists of cash portion of 22.5 sen per ordinary share 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 which elected to be reinvested in new Maybank Shares in accordance with the DRP, on 11,878,513,218 ordinary shares, in respect of the financial year ended 31 December 2021.

(ii) The single-tier first interim dividend consists of cash portion of 21.0 sen per ordinary share paid in cash amounting to RM2,513,702,820 and an electable portion of 7.0 sen per ordinary share amounting to RM837,900,940 which elected to be reinvested in new Maybank Shares in accordance with the DRP, on 11,970,013,430 ordinary shares, in respect of the current financial year ended 31 December 2022.

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

Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM92,506,000 during the financial year ended 31 December 2022 (2021: RM90,586,000).

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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	2022			2021		
	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	12,624,792	11,792,332	6,488,154	11,386,443	9,619,014	6,400,730
Certain transaction-related contingent items	14,534,071	7,370,135	3,999,055	14,816,515	7,262,583	4,741,385
Short-term self-liquidating trade-related contingencies	7,143,351	1,067,336	601,663	2,952,705	890,772	645,486
	34,302,214	20,229,803	11,088,872	29,155,663	17,772,369	11,787,601
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	142,217,444	13,893,627	3,697,325	129,335,651	13,257,239	3,931,088
– Maturity exceeding one year	40,319,358	64,801,259	29,833,459	39,274,129	59,103,741	27,255,730
	182,536,802	78,694,886	33,530,784	168,609,780	72,360,980	31,186,818
Miscellaneous commitments and contingencies	11,205,013	1,060,766	60,300	12,253,800	650,577	372,009
Total credit-related commitments and contingencies	228,044,029	99,985,455	44,679,956	210,019,243	90,783,926	43,346,428
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	592,564,361	8,289,850	1,540,396	406,901,770	5,124,226	1,439,215
– One year to less than five years	31,244,650	1,791,523	1,037,341	32,254,202	2,283,685	818,744
– Five years and above	7,950,665	997,186	700,553	7,414,755	981,044	449,263
	631,759,676	11,078,559	3,278,290	446,570,727	8,388,955	2,707,222
Interest rate related contracts:						
– Less than one year	173,030,838	68,376	50,099	131,875,702	115,485	76,531
– One year to less than five years	307,593,840	1,454,413	925,605	244,244,756	1,012,901	533,451
– Five years and above	177,013,049	2,877,381	1,430,600	133,976,298	2,407,964	1,755,954
	657,637,727	4,400,170	2,406,304	510,096,756	3,536,350	2,365,936
Equity and commodity related contracts:						
– Less than one year	6,551,126	406,085	112,334	7,599,599	557,541	186,778
– One year to less than five years	2,246,767	166,111	47,112	1,916,907	213,117	80,496
	8,797,893	572,196	159,446	9,516,506	770,658	267,274
Credit related contracts:						
– Less than one year	57,489	–	–	40,813	–	–
– One year to less than five years	9,384	–	–	–	–	–
	66,873	–	–	40,813	–	–
Total treasury-related commitments and contingencies	1,298,262,169	16,050,925	5,844,040	966,224,802	12,695,963	5,340,432
Total commitments and contingencies	1,526,306,198	116,036,380	50,523,996	1,176,244,045	103,479,889	48,686,860

* 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 2022

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.):

Bank	2022			2021		
	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	8,970,256	8,417,835	4,113,690	7,968,344	6,834,520	4,452,694
Certain transaction-related contingent items	10,397,750	5,393,107	2,815,646	11,208,136	5,453,689	3,494,294
Short-term self-liquidating trade-related contingencies	6,278,940	879,558	506,456	2,038,008	639,758	474,809
	25,646,946	14,690,500	7,435,792	21,214,488	12,927,967	8,421,797
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	88,867,814	6,476,767	1,341,339	81,611,263	6,463,689	1,502,091
– Maturity exceeding one year	17,659,753	39,595,776	20,129,633	18,805,027	35,418,448	18,005,342
	106,527,567	46,072,543	21,470,972	100,416,290	41,882,137	19,507,433
Miscellaneous commitments and contingencies	9,748,609	1,426,290	117,630	7,930,317	923,855	426,129
Total credit-related commitments and contingencies	141,923,122	62,189,333	29,024,394	129,561,095	55,733,959	28,355,359
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	579,667,448	8,110,780	1,390,769	398,004,700	4,821,371	1,324,841
– One year to less than five years	30,208,110	1,678,805	927,325	32,658,597	2,072,603	664,243
– Five years and above	7,436,048	979,354	676,602	6,574,929	853,229	378,197
	617,311,606	10,768,939	2,994,696	437,238,226	7,747,203	2,367,281
Interest rate related contracts:						
– Less than one year	171,421,796	60,216	23,752	131,208,314	55,878	39,177
– One year to less than five years	309,390,096	1,426,533	604,151	244,654,457	903,682	435,953
– Five years and above	177,013,048	2,871,441	1,427,107	132,982,456	2,407,679	1,755,705
	657,824,940	4,358,190	2,055,010	508,845,227	3,367,239	2,230,835
Equity and commodity related contracts:						
– Less than one year	3,186,036	262,117	81,430	3,577,332	380,774	153,304
– One year to less than five years	2,246,767	166,111	47,112	1,916,907	213,117	80,496
	5,432,803	428,228	128,542	5,494,239	593,891	233,800
Credit related contracts:						
– Less than one year	57,489	–	–	40,813	–	–
– One year to less than five years	9,384	–	–	–	–	–
	66,873	–	–	40,813	–	–
Total treasury-related commitments and contingencies	1,280,636,222	15,555,357	5,178,248	951,618,505	11,708,333	4,831,916
Total commitments and contingencies	1,422,559,344	77,744,690	34,202,642	1,081,179,600	67,442,292	33,187,275

* 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 2022, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM24,686.8 million (2021: RM12,757.5 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 2022.

(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	
	2022 RM'000	2021 RM'000
Within one year	42,026	42,669
Between one and five years	25,422	29,409
	67,448	72,078

54. FINANCIAL RISK MANAGEMENT POLICIES

(a) Financial risk management overview

Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate levels of risk taken to the desired levels of returns.

During the financial year ended 31 December 2022, the Group has established the Group Investment Management Framework ("GIMF") which was approved by the Board of Directors to be implemented in stages. The GIMF sets out Group-wide guiding principles for management of investment activities, which will enable a consolidated view of the management of marketable securities across the Group and alignment of strategic directions.

The Board of Directors is the Group's ultimate governing body, which has overall responsibility for establishing a sound risk management and internal control system, as well as for reviewing its adequacy and effectiveness in identifying, assessing and responding to risks that may hinder the Group from achieving its objectives. To effectively carry out its risk and control oversight responsibilities, the Board has established the Risk Management Committee ("RMC"), the Compliance Committee of the Board ("CCB"), and the Audit Committee of the Board ("ACB") to oversee matters relating to risk, compliance and controls, respectively.

The Management has established various Executive Level Management Committees ("ELCs") to assist and support the Board committees in overseeing core areas of business operations and controls. These ELCs include the Group Executive Committee, Group Client Onboarding and Review Committee, Group Management Credit Committee, Group Executive Risk Committee, Group Asset and Liability Management Committee, EXCO Sustainability Committee and Group Non-Financial Risk Committee, among others.

The Maybank Group Enterprise Risk Management Framework was established to institutionalise vigilance and awareness of the most significant risks to the achievement of the Group's mission, namely Humanising Financial Services, by putting customers and the wider community at the heart of everything that the Group does. The framework is underpinned by a set of building blocks that serve 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 within its risk capacity 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 test the resilience of the Group's exposure against future financial scenarios and gauge the resulting risk and adequacy of capital.
- (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 of the credit facility are past due for more than 90 days or 3 months; or
- In the case of revolving credit facilities (e.g. overdraft), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months; or
- Account less than 90 days or 3 months 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 at least six (6) months or longer as determined by the approving authority of the rescheduled or restructured credit; or
- Default occurs for repayments scheduled on intervals of three (3) months or longer.

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 to be re-classified out of Stage 3 when none of the default criteria is present. The decision whether to classify an asset as Stage 2 or Stage 1 depends on the updated indicators at the time of the assessment, and that the asset no longer shows significant increase in credit risk compared to the 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 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.

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

(b) Impairment assessment (cont'd.)

(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 remaining COVID-19 uncertainties and emerging risks at the current economic level. 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 2022 and 31 December 2021. The figures for "Subsequent years" represent a long-term average and the same are applied for each scenario.

31 December 2022

Key Variables	ECL Scenario	Assigned Probabilities	2022	2023	2024	2025	2026	Subsequent years
Real GDP (%)	Base case	65	8.0	4.0	4.8	5.0	5.0	5.0
	Upside	10	8.5	4.5	5.5	5.5	5.5	5.5
	Downside	25	7.5	3.5	4.4	4.5	4.5	4.5
Property Price Index (%)	Base case	65	1.5	1.5	2.0	2.0	2.0	2.0
	Upside	10	1.7	2.0	2.5	2.5	2.5	2.5
	Downside	25	1.0	0.6	1.5	1.5	1.5	1.5
Overnight Policy Rate (%)	Base case	65	2.8	3.0	3.0	3.3	3.3	3.3
	Upside	10	2.8	2.8	2.8	3.0	3.0	3.0
	Downside	25	2.8	3.3	3.3	3.5	3.5	3.5
Unemployment Rate (%)	Base case	65	3.8	3.5	3.3	3.3	3.3	3.3
	Upside	10	3.7	3.3	3.0	3.0	3.0	3.0
	Downside	25	3.9	4.0	3.8	3.8	3.8	3.8

31 December 2021

Key Variables	ECL Scenario	Assigned Probabilities	2021	2022	2023	2024	2025	Subsequent years
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

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

(d) Financial instruments by category

Group 2022	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	-	-	-	37,573,869	37,573,869	-	37,573,869
Deposits and placements with financial institutions	-	-	-	16,095,978	16,095,978	-	16,095,978
Financial assets purchased under resale agreements	-	-	-	14,968,762	14,968,762	-	14,968,762
Financial investments portfolio	25,804,000	12,822,800	120,706,198	71,756,942	231,089,940	-	231,089,940
Loans, advances and financing to financial institutions	-	-	117,597	1,244,115	1,361,712	-	1,361,712
Loans, advances and financing to customers	1,668	-	29,898,744	544,125,373	574,025,785	-	574,025,785
Derivative assets	24,686,755	-	-	-	24,686,755	-	24,686,755
Reinsurance/retakaful assets and other insurance receivables	-	-	-	1,075,559	1,075,559	5,965,451	7,041,010
Other assets	-	-	-	9,353,237	9,353,237	2,113,441	11,466,678
Investment properties	-	-	-	-	-	988,895	988,895
Statutory deposits with central banks	-	-	-	13,777,324	13,777,324	-	13,777,324
Interest in associates and joint ventures	-	-	-	-	-	2,207,244	2,207,244
Property, plant and equipment	-	-	-	-	-	2,142,065	2,142,065
Right-of-use assets	-	-	-	-	-	1,176,776	1,176,776
Intangible assets	-	-	-	-	-	6,747,125	6,747,125
Deferred tax assets	-	-	-	-	-	2,462,917	2,462,917
Total assets	50,492,423	12,822,800	150,722,539	709,971,159	924,008,921	23,803,914	947,812,835

Group 2022	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						
Customers' funding:						
- Deposits from customers	-	-	614,895,094	614,895,094	-	614,895,094
- Investment accounts of customers*	-	-	24,500,981	24,500,981	-	24,500,981
Deposits and placements from financial institutions	-	-	51,893,780	51,893,780	-	51,893,780
Obligations on financial assets sold under repurchase agreements	-	-	15,585,836	15,585,836	-	15,585,836
Derivative liabilities [^]	27,874,325	-	-	27,874,325	-	27,874,325
Financial liabilities at fair value through profit or loss	-	8,317,084	-	8,317,084	-	8,317,084
Bills and acceptances payable	-	-	1,810,954	1,810,954	-	1,810,954
Insurance/takaful contract liabilities and other insurance payables	-	-	953,152	953,152	40,961,598	41,914,750
Other liabilities	-	-	20,144,064	20,144,064	6,383,001	26,527,065
Provision for taxation and zakat	-	-	-	-	372,176	372,176
Deferred tax liabilities	-	-	-	-	400,437	400,437
Borrowings	-	-	31,736,007	31,736,007	-	31,736,007
Subordinated obligations	-	-	10,238,389	10,238,389	-	10,238,389
Capital securities	-	-	2,828,817	2,828,817	-	2,828,817
Total liabilities	27,874,325	8,317,084	774,587,074	810,778,483	48,117,212	858,895,695

* 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.

Notes to the Financial Statements

31 December 2022

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

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

Group 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	-	-	-	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	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						
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.

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

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

Bank 2022	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	-	-	-	29,590,431	29,590,431	-	29,590,431
Deposits and placements with financial institutions	-	-	-	28,358,259	28,358,259	-	28,358,259
Financial assets purchased under resale agreements	-	-	-	14,330,476	14,330,476	-	14,330,476
Financial investments portfolio	13,978,475	-	73,551,480	46,234,128	133,764,083	-	133,764,083
Loans, advances and financing to financial institutions	-	-	440,406	30,864,559	31,304,965	-	31,304,965
Loans, advances and financing to customers	1,668	-	26,414,713	187,415,582	213,831,963	-	213,831,963
Derivative assets	24,293,832	-	-	-	24,293,832	-	24,293,832
Other assets	-	-	-	6,569,262	6,569,262	660,395	7,229,657
Statutory deposits with central banks	-	-	-	2,728,211	2,728,211	-	2,728,211
Investment in subsidiaries	-	-	-	-	-	33,860,627	33,860,627
Interest in associates and joint ventures	-	-	-	-	-	438,859	438,859
Property, plant and equipment	-	-	-	-	-	869,693	869,693
Right-of-use assets	-	-	-	-	-	550,311	550,311
Intangible assets	-	-	-	-	-	425,796	425,796
Deferred tax assets	-	-	-	-	-	1,099,262	1,099,262
Total assets	38,273,975	-	100,406,599	346,090,908	484,771,482	37,904,943	522,676,425

Bank 2022	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	-	-	274,854,161	274,854,161	-	274,854,161
Deposits and placements from financial institutions	-	-	66,794,444	66,794,444	-	66,794,444
Obligations on financial assets sold under repurchase agreements	-	-	26,290,296	26,290,296	-	26,290,296
Derivative liabilities [^]	27,190,450	-	-	27,190,450	-	27,190,450
Financial liabilities at fair value through profit or loss	-	8,317,084	-	8,317,084	-	8,317,084
Bills and acceptances payable	-	-	1,212,731	1,212,731	-	1,212,731
Other liabilities	-	-	7,265,263	7,265,263	2,535,979	9,801,242
Borrowings	-	-	22,486,167	22,486,167	-	22,486,167
Subordinated obligations	-	-	9,830,233	9,830,233	-	9,830,233
Capital securities	-	-	2,828,817	2,828,817	-	2,828,817
Total liabilities	27,190,450	8,317,084	411,562,112	447,069,646	2,535,979	449,605,625

[^] 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.

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 of a credit facility. The exposures to credit risk are unilateral and only the lending bank faces the risk of loss.

Management of credit risk

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

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

Retail credits 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 and credit units. Reviews for retail credits are generally conducted at the portfolio level, where the PDAs or UPDAs of each retail product are reviewed at a minimum, on an annual 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 on a single counterparty basis or counterparty group basis predicated on BNM's Single Counterparty Exposure Limits. The Group actively monitors and manages its exposures to ensure that exposures to a single counterparty group are within prudent limits at all times.

For on and off-balance sheet exposures, the Group employs risk treatments in accordance with BNM Guidelines and Basel requirements. For derivatives and foreign exchange exposures, the Group measures the credit risk using Credit Risk Equivalent via the Current Exposure Method. This method calculates the Group's credit risk exposure after considering both the mark-to-market exposures and the appropriate add-on factors for potential future exposures. The add-on factors employed are in accordance with BNM Guidelines and Basel II requirements.

In managing large exposures and to avoid undue concentration of credit risk in its credit portfolio, the Group has 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 Group and country level to effectively manage vulnerable non-retail and retail 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 environmental, social and governance ("ESG") practices, the Group takes a proactive approach to incorporate ESG considerations into business processes by developing and continuously improving ESG screening documents and Risk Acceptance Criteria, which addresses the inherent ESG risks.

The Group's credit 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	
	2022 RM'000	2021 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	37,573,869	41,483,926
Deposits and placements with financial institutions	16,095,978	16,037,048
Financial assets purchased under resale agreements	14,968,762	13,491,753
Financial investments portfolio*	222,380,301	214,772,603
Loans, advances and financing to financial institutions	1,361,712	1,048,566
Loans, advances and financing to customers	574,025,785	540,839,323
Derivative assets	24,686,755	12,757,475
Reinsurance/retakaful assets and other insurance receivables	1,075,559	888,231
Other assets	9,353,237	6,831,922
Statutory deposits with central banks	13,777,324	7,514,129
	915,299,282	855,664,976
Credit exposure for off-balance sheet items:		
Direct credit substitutes	12,624,792	11,386,443
Certain transaction-related contingent items	14,534,071	14,816,515
Short-term self-liquidating trade-related contingencies	7,143,351	2,952,705
Irrevocable commitments to extend credit	182,536,802	168,609,780
Miscellaneous	11,205,013	12,253,800
	228,044,029	210,019,243
Total maximum credit risk exposure	1,143,343,311	1,065,684,219

* 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.

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

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

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

Bank	Maximum exposure	
	2022 RM'000	2021 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	29,590,431	25,725,348
Deposits and placements with financial institutions	28,358,259	31,482,634
Financial assets purchased under resale agreements	14,330,476	12,079,652
Financial investments portfolio*	132,688,967	125,205,711
Loans, advances and financing to financial institutions	31,304,965	30,836,296
Loans, advances and financing to customers	213,831,963	209,286,971
Derivative assets	24,293,832	12,498,439
Other assets	6,569,262	3,196,396
Statutory deposits with central banks	2,728,211	1,695,478
	483,696,366	452,006,925
Credit exposure for off-balance sheet items:		
Direct credit substitutes	8,970,256	7,968,344
Certain transaction-related contingent items	10,397,750	11,208,136
Short-term self-liquidating trade-related contingencies	6,278,940	2,038,008
Irrevocable commitments to extend credit	106,527,567	100,416,290
Miscellaneous	9,748,609	7,930,317
	141,923,122	129,561,095
Total maximum credit risk exposure	625,619,488	581,568,020

* 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets at fair value through profit or loss				
– Financial investments [#]	17,665,014	19,083,076	13,262,501	13,303,337
– Loans, advances and financing to customers	1,668	15,491	1,668	15,491
Financial assets designated at fair value through profit or loss				
– Financial investments [#]	12,804,010	13,181,702	–	–
	30,470,692	32,280,269	13,264,169	13,318,828

[#] 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 2022 for the Group is at 70% (2021: 68%) and the Bank is at 50% (2021: 52%). 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 insurance receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
2022											
Malaysia	23,169,244	1,962,738	2,394,679	159,418,484	359,613,267	14,909,855	763,329	6,102,171	5,875,028	574,208,795	132,015,593
Singapore	4,468,123	5,697,619	2,960,805	29,558,544	140,703,349	7,125,850	55,151	471,680	4,080,708	195,121,829	71,282,679
Indonesia	1,979,753	8	434,788	9,681,652	30,559,376	150,659	102,918	1,034,671	2,729,505	46,673,330	1,150,603
Labuan Offshore	5,404	-	-	-	10,190,499	-	-	1,221	-	10,197,124	-
Hong Kong SAR	1,417,012	604,444	7,668,481	8,149,077	15,835,930	1,269,589	-	492,744	-	35,437,277	8,876,740
United States of America	2,274,704	7,113,209	-	3,933,174	489,957	-	-	28,571	-	13,839,615	116,602
People's Republic of China	693,640	57	-	2,395,392	4,808,912	767,782	-	320	-	8,666,103	6,251,280
Vietnam	210,658	18,247	-	-	1,609,288	381,838	-	13,579	350,550	2,584,160	2,014,218
United Kingdom	377,530	-	1,300,420	426,915	1,044,138	60,696	-	102,281	-	3,311,980	517,559
Philippines	235,848	592,280	209,589	2,160,769	3,494,667	16,030	153,562	179,637	362,565	7,404,947	2,003,340
Brunei	134,025	-	-	42,399	474,100	-	-	3	-	650,527	450,785
Cambodia	1,114,741	84,439	-	2,118	4,465,538	398	599	17,685	370,600	6,056,118	729,038
Thailand	40,123	2,073	-	1,491,927	1,916,560	1,253	-	473,178	-	3,925,114	182,948
Laos	2,906	13,895	-	-	33,993	-	-	1,102	971	52,867	2,341
India	11,851	-	-	-	-	-	-	-	-	11,851	-
Others	1,438,307	6,969	-	5,119,850	147,923	2,805	-	434,394	7,397	7,157,645	2,450,303
	37,573,869	16,095,978	14,968,762	222,380,301	575,387,497	24,686,755	1,075,559	9,353,237	13,777,324	915,299,282	228,044,029
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

* 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.

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
2022										
Malaysia	19,261,816	14,925,044	272,985	99,518,640	150,290,306	15,268,980	6,436,071	2,369,293	308,343,135	77,222,167
Singapore	3,511,066	5,336,175	5,088,590	19,099,169	61,082,281	6,605,922	108,968	-	100,832,171	44,195,117
Indonesia	198,748	-	-	902,801	-	-	-	-	1,101,549	3,194
Labuan Offshore	4,096	-	-	-	10,212,542	-	766	-	10,217,404	-
Hong Kong SAR	1,379,435	600,504	7,668,481	7,481,279	15,512,401	1,269,310	19,270	-	33,930,680	8,800,096
United States of America	1,894,711	7,113,209	-	1,920,055	489,957	-	2,891	-	11,420,823	114,953
People's Republic of China	693,640	57	-	1,585,554	4,808,912	767,782	170	-	7,856,115	6,068,968
Vietnam	166,743	-	-	-	1,124,851	381,838	21	350,550	2,024,003	2,006,143
United Kingdom	368,467	-	1,300,420	256,450	1,044,138	-	-	-	2,969,475	239,118
Philippines	598,769	44,013	-	-	-	-	-	-	642,782	579,767
Brunei	134,025	-	-	42,399	474,100	-	3	-	650,527	363,036
Cambodia	69,962	325,362	-	-	-	-	-	-	395,324	54,043
Thailand	23,895	-	-	-	-	-	-	-	23,895	106,358
Laos	2,906	13,895	-	-	33,993	-	1,102	971	52,867	881
India	11,040	-	-	-	-	-	-	-	11,040	-
Others	1,271,112	-	-	1,882,620	63,447	-	-	7,397	3,224,576	2,169,281
	29,590,431	28,358,259	14,330,476	132,688,967	245,136,928	24,293,832	6,569,262	2,728,211	483,696,366	141,923,122
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

* 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 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 insurance receivables RM'000	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
2022											
Agriculture	-	-	-	1,622,716	8,733,389	40,579	-	-	-	10,396,684	1,864,060
Mining and quarrying	-	-	-	1,748,197	4,528,697	-	-	-	-	6,276,894	2,238,688
Manufacturing	-	-	-	861,661	32,271,576	224,622	-	-	-	33,357,859	8,954,171
Construction	-	-	-	7,993,352	25,793,275	996	-	-	-	33,787,623	12,513,072
Electricity, gas and water supply	-	-	-	11,618,871	13,027,041	78,507	-	-	-	24,724,419	4,484,800
Wholesale, retail trade, restaurants and hotels	-	-	-	1,161,057	57,073,666	7,523	-	81,742	-	58,323,988	22,306,662
Finance, insurance, real estate and business	37,573,869	16,095,978	14,968,762	85,333,428	125,163,623	24,322,073	1,075,559	7,864,435	13,777,324	326,175,051	96,021,625
Transport, storage and communication	-	-	-	9,849,428	10,358,846	7,335	-	16	-	20,215,625	3,224,184
Education, health and others	-	-	-	82,214,012	10,145,265	442	-	-	-	92,359,719	4,535,886
Household	-	-	-	5,222	286,244,425	-	-	275,471	-	286,525,118	56,219,829
Others	-	-	-	19,972,357	2,047,694	4,678	-	1,131,573	-	23,156,302	15,681,052
	37,573,869	16,095,978	14,968,762	222,380,301	575,387,497	24,686,755	1,075,559	9,353,237	13,777,324	915,299,282	228,044,029
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

* 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.

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
2022										
Agriculture	-	-	-	631,283	5,753,324	39,356	-	-	6,423,963	499,995
Mining and quarrying	-	-	-	526,265	3,237,319	-	-	-	3,763,584	1,704,591
Manufacturing	-	-	-	660,075	16,172,106	213,416	-	-	17,045,597	5,043,688
Construction	-	-	-	5,304,856	12,254,129	983	-	-	17,559,968	7,627,404
Electricity, gas and water supply	-	-	-	1,163,165	10,705,379	75,226	-	-	11,943,770	4,062,592
Wholesale, retail trade, restaurants and hotels	-	-	-	441,029	29,489,645	5,231	-	-	29,935,905	16,336,677
Finance, insurance, real estate and business	29,590,431	28,358,259	14,330,476	46,646,113	92,877,502	23,948,701	6,569,262	2,728,211	245,048,955	62,519,448
Transport, storage and communication	-	-	-	3,927,895	4,970,275	7,159	-	-	8,905,329	1,544,597
Education, health and others	-	-	-	54,212,775	3,442,645	442	-	-	57,655,862	3,468,286
Household	-	-	-	-	65,654,373	-	-	-	65,654,373	27,439,586
Others	-	-	-	19,175,511	580,231	3,318	-	-	19,759,060	11,676,258
	29,590,431	28,358,259	14,330,476	132,688,967	245,136,928	24,293,832	6,569,262	2,728,211	483,696,366	141,923,122
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

* 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

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

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

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, machineries & equipment financed or deposits; and
- For derivatives – cash and securities collateral for over-the-counter (“OTC”) traded derivatives.

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.

Notes to the Financial Statements

31 December 2022

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.

Financial investments – at FVOCI

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2022				
Very Low	49,363,303	260,308	–	49,623,611
Low	67,318,055	300,826	–	67,618,881
Medium	1,592,121	167,697	–	1,759,818
High	228,877	170,269	–	399,146
Unrated	235,078	–	–	235,078
Impaired	–	–	517,801	517,801
Carrying amount – fair value	118,737,434	899,100	517,801	120,154,335
Expected credit loss	(29,462)	(8,344)	(149,600)	(187,406)
2021				
Very Low	62,673,500	22,645	–	62,696,145
Low	52,619,870	378,004	–	52,997,874
Medium	5,005,496	54,672	–	5,060,168
High	140,419	–	–	140,419
Unrated	335,992	134,913	–	470,905
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)
Bank				
2022				
Very Low	27,257,352	–	–	27,257,352
Low	44,024,000	25,167	–	44,049,167
Medium	1,237,616	49,523	–	1,287,139
High	36,939	150,219	–	187,158
Unrated	235,087	–	–	235,078
Impaired	–	–	176,444	176,444
Carrying amount – fair value	72,790,985	224,909	176,444	73,192,338
Expected credit loss	(16,928)	(3,210)	(139,919)	(160,057)
2021				
Very Low	36,360,483	–	–	36,360,483
Low	30,385,032	51,565	–	30,436,597
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)

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31 December 2022

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

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	
2022				
Very Low	2,495,039	–	–	2,495,039
Low	64,749,819	116,133	–	64,865,952
Medium	2,672,068	41,038	–	2,713,106
High	357,181	–	–	357,181
Impaired	–	–	2,823,924	2,823,924
	70,274,107	157,171	2,823,924	73,255,202
Less: Expected credit loss	(60,775)	(3,801)	(1,433,684)	(1,498,260)
Net carrying amount	70,213,332	153,370	1,390,240	71,756,942
2021				
Very Low	9,375,508	102	–	9,375,610
Low	42,071,062	40,484	–	42,111,546
Medium	7,210,836	–	–	7,210,836
High	5,088	–	–	5,088
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
Bank				
2022				
Very Low	1,414,978	–	–	1,414,978
Low	43,705,040	–	–	43,705,040
Medium	897,814	–	–	897,814
High	235,567	–	–	235,567
	46,253,399	–	–	46,253,399
Less: Expected credit loss	(19,271)	–	–	(19,271)
Net carrying amount	46,234,128	–	–	46,234,128
2021				
Very Low	4,414,717	–	–	4,414,717
Low	35,759,214	40,484	–	35,799,698
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

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

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	
2022				
Very Low	117,597	–	–	117,597
Carrying amount – fair value	117,597	–	–	117,597
Expected credit loss	–	–	–	–
2021				
Very Low	109,156	–	–	109,156
Carrying amount – fair value	109,156	–	–	109,156
Expected credit loss	–	–	–	–

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	
2022				
Very Low	387,881	–	–	387,881
Low	52,525	–	–	52,525
Carrying amount – fair value	440,406	–	–	440,406
Expected credit loss	–	–	–	–
2021				
Very Low	549,294	–	–	549,294
Low	23,141	–	–	23,141
Carrying amount – fair value	572,435	–	–	572,435
Expected credit loss	–	–	–	–

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31 December 2022

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

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	
2022				
Medium	206,881	–	–	206,881
High	1,035,471	7,718	–	1,043,189
	1,242,352	7,718	–	1,250,070
Less: Expected credit loss	(5,868)	(87)	–	(5,955)
Net carrying amount	1,236,484	7,631	–	1,244,115
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

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	
2022				
Very Low	16,006,100	–	–	16,006,100
Low	10,005,288	56,621	–	10,061,909
Medium	3,387,702	176,534	–	3,564,236
High	54,993	–	–	54,993
Impaired	–	–	3,111,269	3,111,269
	29,209,278	233,155	3,111,269	32,798,507
Less: Expected credit loss	(18,972)	(1,228)	(1,913,748)	(1,933,948)
Net carrying amount	29,190,306	231,927	1,197,521	30,864,559
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	3,474,946
	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

Notes to the Financial Statements

31 December 2022

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

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	
2022				
Very Low	3,427,203	–	–	3,427,203
Low	12,742,473	–	–	12,742,473
Medium	11,136,165	272,558	–	11,408,723
High	550,171	227,330	259,312	1,036,813
Unrated	1,204,290	–	–	1,204,290
Impaired	–	–	79,242	79,242
Carrying amount – fair value	29,060,302	499,888	338,554	29,898,744
Expected credit loss	(122,541)	(29,252)	(192,077)	(343,870)
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)
Bank				
2022				
Very Low	1,357,572	–	–	1,357,572
Low	12,592,107	–	–	12,592,107
Medium	9,872,132	272,558	–	10,144,690
High	550,171	227,330	259,312	1,036,813
Unrated	1,204,289	–	–	1,204,289
Impaired	–	–	79,242	79,242
Carrying amount – fair value	25,576,271	499,888	338,554	26,414,713
Expected credit loss	(115,273)	(29,251)	(192,077)	(336,601)
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)

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31 December 2022

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	
2022				
Very Low	204,991,990	481,481	–	205,473,471
Low	185,240,914	4,123,345	–	189,364,259
Medium	76,004,521	21,084,145	–	97,088,666
High	8,288,813	9,529,653	–	17,818,466
Unrated	36,268,645	974,028	4,484	37,247,157
Impaired	–	–	8,861,821	8,861,821
Less: Expected credit loss	510,794,883 (2,000,435)	36,192,652 (3,329,902)	8,866,305 (6,398,130)	555,853,840 (11,728,467)
Net carrying amount	508,794,448	32,862,750	2,468,175	544,125,373
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
Less: Expected credit loss	474,808,762 (1,886,989)	45,617,496 (3,695,297)	10,635,931 (6,309,928)	531,062,189 (11,892,214)
Net carrying amount	472,921,773	41,922,199	4,326,003	519,169,975
Bank				
2022				
Very Low	45,191,619	80,157	–	45,271,776
Low	77,537,426	1,980,637	–	79,518,063
Medium	35,085,183	9,818,745	–	44,903,928
High	3,743,690	4,613,446	–	8,357,136
Unrated	10,390,670	230,804	–	10,621,474
Impaired	–	–	4,755,280	4,755,280
Less: Expected credit loss	171,948,588 (883,584)	16,723,789 (1,343,859)	4,755,280 (3,784,632)	193,427,657 (6,012,075)
Net carrying amount	171,065,004	15,379,930	970,684	187,415,582
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
Less: Expected credit loss	169,332,160 (775,643)	21,272,908 (1,412,505)	6,221,155 (4,095,397)	196,826,223 (6,283,545)
Net carrying amount	168,556,517	19,860,403	2,125,758	190,542,678

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.).

Group	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets purchased under resale agreements RM'000	Reinsurance/retakaful assets and other insurance receivables RM'000	Statutory deposits with central banks RM'000
2022					
Stage 1					
Sovereign	21,309,227	7,432,250	-	-	13,779,976
Very Low	5,065,936	7,949,922	14,030,200	-	-
Low	4,437,718	538,283	788,754	156,230	-
Medium	531,769	92	158,669	-	-
High	116,508	3,939	-	-	-
Unrated	6,129,017	178,896	-	920,364	-
	37,590,175	16,103,382	14,977,623	1,076,594	13,779,976
Less: Expected credit loss	(16,306)	(7,404)	(8,861)	(1,035)	(2,652)
Net carrying amount	37,573,869	16,095,978	14,968,762	1,075,559	13,777,324
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	5,662,316	5,561,895	1,660,801	113,398	-
Medium	672,109	247,239	80,169	-	-
High	60,868	187,740	-	-	-
Unrated	5,814,665	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

None of the above financial assets is in Stage 2 or Stage 3 as at 31 December 2022 and 31 December 2021.

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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.).

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
2022				
Stage 1				
Sovereign	12,656,302	5,983,185	-	2,728,211
Very Low	2,153,606	7,113,209	14,030,200	-
Low	9,066,643	14,876,198	302,497	-
Medium	969,207	44,055	-	-
High	91,724	330,413	-	-
Unrated	4,659,396	16,581	-	-
	29,596,878	28,363,641	14,332,697	2,728,211
Less: Expected credit loss	(6,447)	(5,382)	(2,221)	-
Net carrying amount	29,590,431	28,358,259	14,330,476	2,728,211
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

None of the above financial assets is in Stage 2 or Stage 3 as at 31 December 2022 and 31 December 2021.

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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.).

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	
2022				
Sovereign	19,569	-	-	19,569
Very Low	966,307	-	-	966,307
Low	3,846,059	-	-	3,846,059
Medium	124,079	-	-	124,079
Unrated	4,394,658	1,477	-	4,396,135
Impaired	-	-	80,498	80,498
	9,350,672	1,477	80,498	9,432,647
Less: Expected credit loss	(5,839)	(48)	(73,523)	(79,410)
Net carrying amount	9,344,833	1,429	6,975	9,353,237
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
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	
2022				
Sovereign	19,569	-	-	19,569
Very Low	966,307	-	-	966,307
Low	3,794,942	-	-	3,794,942
Medium	124,079	-	-	124,079
Unrated	1,656,139	-	-	1,656,139
Impaired	-	-	52,600	52,600
	6,561,036	-	52,600	6,613,636
Less: Expected credit loss	-	-	(44,374)	(44,374)
Net carrying amount	6,561,036	-	8,226	6,569,262
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

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31 December 2022

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 RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2022				
Very Low	1,649,460	794	-	1,650,254
Low	9,429,706	77,362	-	9,507,068
Medium	5,794,880	706,167	-	6,501,047
High	2,915,444	210,478	-	3,125,922
Unrated	1,868,395	45,469	374	1,914,238
Impaired	-	-	1,029,622	1,029,622
Carrying amount	21,657,885	1,040,270	1,029,996	23,728,151
Expected credit loss	(162,152)	(37,846)	(254,810)	(454,808)

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)

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	
2022				
Very Low	1,071,613	-	-	1,071,613
Low	6,416,664	46,170	-	6,462,834
Medium	3,334,511	476,554	-	3,811,065
High	2,822,210	158,890	-	2,980,374
Unrated	296,933	17	-	296,950
Impaired	-	-	446,924	446,924
Carrying amount	13,941,931	681,631	446,924	15,070,486
Expected credit loss	(91,147)	(20,107)	(157,424)	(268,678)

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)

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.

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 profit or loss:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial investments				
At FVTPL				
Very Low	12,856,019	15,573,344	6,765,894	4,552,120
Low	13,877,690	12,578,346	5,141,237	7,088,644
Medium	2,876,748	526,751	797,165	42,612
High	296,805	50,188	25,149	-
Unrated	561,762	3,536,149	533,056	1,619,961
Total carrying amount	30,469,024	32,264,778	13,262,501	13,303,337
Loans, advances and financing				
At FVTPL				
Low	1,668	15,491	1,668	15,491
Total carrying amount	1,668	15,491	1,668	15,491

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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
2022				
Malaysia	5,030,783	3,341,725	28,246	8,400,754
Singapore	823,840	-	3,307	827,147
Indonesia	1,314,119	-	3,931	1,318,050
Labuan Offshore	11,079	-	9,942	21,021
Hong Kong SAR	1,535,103	-	5,805	1,540,908
United States of America	-	-	8,842	8,842
People's Republic of China	60,218	-	-	60,218
Vietnam	16,637	-	-	16,637
United Kingdom	-	-	102	102
Brunei	19,781	-	-	19,781
Cambodia	110,249	-	-	110,249
Philippines	236,939	-	2,633	239,572
Thailand	32,723	-	17,678	50,401
Laos	7,986	-	-	7,986
Myanmar	5,402	-	-	5,402
Others	-	-	12	12
	9,204,859	3,341,725	80,498	12,627,082
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

* 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.

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
2022				
Malaysia	6,072,338	176,444	28,214	6,276,996
Singapore	476,616	-	-	476,616
Labuan Offshore	11,079	-	9,942	21,021
Hong Kong SAR	1,535,103	-	5,602	1,540,705
United States of America	-	-	8,842	8,842
People's Republic of China	60,218	-	-	60,218
Vietnam	16,580	-	-	16,580
Brunei	19,781	-	-	19,781
Laos	7,986	-	-	7,986
Myanmar	5,402	-	-	5,402
	8,205,103	176,444	52,600	8,434,147
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

* 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.)

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
2022				
Agriculture	809,630	-	-	809,630
Mining and quarrying	547,803	-	-	547,803
Manufacturing	731,815	-	-	731,815
Construction	1,382,598	176,444	-	1,559,042
Electricity, gas and water supply	141,197	3,165,281	-	3,306,478
Wholesale, retail trade, restaurants and hotels	1,310,158	-	-	1,310,158
Finance, insurance, real estate and business	1,192,424	-	76,778	1,269,202
Transport, storage and communication	300,288	-	-	300,288
Education, health and others	1,465,041	-	-	1,465,041
Household	1,290,666	-	2,938	1,293,604
Others	33,239	-	782	34,021
	9,204,859	3,341,725	80,498	12,627,082
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

* 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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31 December 2022

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
2022				
Agriculture	375,176	-	-	375,176
Mining and quarrying	3,268,647	-	-	3,268,647
Manufacturing	229,365	-	-	229,365
Construction	883,557	176,444	-	1,060,001
Electricity, gas and water supply	94,810	-	-	94,810
Wholesale, retail trade, restaurants and hotels	415,553	-	-	415,553
Finance, insurance, real estate and business	966,382	-	52,600	1,018,982
Transport, storage and communication	172,110	-	-	172,110
Education, health and others	1,393,195	-	-	1,393,195
Household	404,649	-	-	404,649
Others	1,659	-	-	1,659
	8,205,103	176,444	52,600	8,434,147
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

* 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Residential properties	179,705	155,798	-	-
Others	228,774	201,553	28,500	28,500
	408,479	357,351	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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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 movements 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 regularly back tested to evaluate its performance and accuracy. The Group also computes a Stressed VaR based on a selected historical 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 movements 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 as of financial year ended 31 December 2021 for GBP, EUR, CHF and JPY London Interbank Offered Rate ("LIBOR") settings in all tenures, and USD LIBOR for 1-week and 2-month settings. The USD Overnight LIBOR settings for 1-month, 3-month, 6-month and 12-month tenures will mature by June 2023. Respective rates are 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.

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 tables below show the exposures that have yet to transition from IBOR to RFRs:

	2022			2021		
	Non-derivatives financial assets carrying value RM'000	Non-derivatives financial liabilities carrying value RM'000	Derivatives nominal amount RM'000	Non-derivatives financial assets carrying value RM'000	Non-derivatives financial liabilities carrying value RM'000	Derivatives nominal amount RM'000
Group						
USD LIBOR	31,860,754	18,880,925	304,153,546	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 assets	31,860,754	18,880,925	304,153,546	122,087,576	18,759,782	355,457,415
Bank						
USD LIBOR	30,311,598	18,880,925	301,278,225	108,968,743	18,759,782	255,716,413
GBP LIBOR	-	-	-	2,964,141	-	-
EUR LIBOR	-	-	-	285,604	-	979,815
Total assets	30,311,598	18,880,925	301,278,225	112,218,488	18,759,782	256,696,228

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31 December 2022

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 2022 and 31 December 2021. 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 2022	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	29,222,718	-	-	-	-	8,351,151	-	37,573,869	2.08
Deposits and placements with financial institutions	-	12,823,244	985,516	225,318	198,248	1,863,652	-	16,095,978	2.99
Financial assets purchased under resale agreements	11,946,643	3,022,119	-	-	-	-	-	14,968,762	1.95
Financial assets designated upon initial recognition at fair value through profit or loss	-	-	-	-	-	-	12,822,800	12,822,800	3.16
Financial investments at fair value through profit or loss	-	-	-	-	-	-	25,804,000	25,804,000	2.63
Financial investments at fair value through other comprehensive income	11,647,356	2,670,998	10,630,684	36,741,470	58,489,968	525,722	-	120,706,198	2.99
Financial investments at amortised cost	1,511,833	2,391,092	2,559,787	13,274,902	52,019,226	102	-	71,756,942	3.99
Loans, advances and financing									
- Non-impaired	319,676,779	52,184,847	57,866,775	70,414,330	77,966,406	-	-	578,109,137	5.35
- Impaired*	2,614,652	-	-	-	-	-	-	2,614,652	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(5,336,292)	-	(5,336,292)	-
Derivative assets	-	-	-	-	-	-	24,686,755	24,686,755	-
Reinsurance/retakaful assets and other insurance receivables	-	-	-	-	-	7,041,010	-	7,041,010	-
Other assets	-	-	-	-	-	11,466,678	-	11,466,678	-
Investment properties	-	-	-	-	-	988,895	-	988,895	-
Other non-interest sensitive balances	-	-	-	-	-	28,513,451	-	28,513,451	-
Total assets	376,619,981	73,092,300	72,042,762	120,656,020	188,673,848	53,414,369	63,313,555	947,812,835	
Liabilities and shareholders' equity									
Customers' funding:									
- Deposits from customers	208,752,119	112,752,162	151,717,878	70,236,702	71,436,233	-	-	614,895,094	1.96
- Investment accounts of customers [^]	2,463,721	1,624,667	5,252,573	5,867,278	9,292,742	-	-	24,500,981	1.29
Deposits and placements from financial institutions	13,561,920	26,151,626	10,457,492	805,939	580,901	335,902	-	51,893,780	4.24
Obligations on financial assets sold under repurchase agreements	8,325,434	7,260,402	-	-	-	-	-	15,585,836	4.49
Derivative liabilities	-	-	-	-	-	-	27,874,325	27,874,325	-
Financial liabilities at fair value through profit or loss	2,701	-	51,700	154,300	8,108,383	-	-	8,317,084	3.68
Bills and acceptances payable	-	-	-	-	-	1,810,954	-	1,810,954	-
Insurance/takaful contract liabilities and other insurance payables	-	-	-	-	-	41,914,750	-	41,914,750	-
Other liabilities	515,743	65,187	1,989,518	4,466,665	-	19,489,952	-	26,527,065	1.45
Borrowings	5,841,430	3,420,083	5,832,872	15,534,658	1,106,964	-	-	31,736,007	2.35
Subordinated obligations	442,283	-	92,645	9,702,250	1,211	-	-	10,238,389	3.64
Capital securities	28,817	-	-	-	2,800,000	-	-	2,828,817	4.07
Other non-interest sensitive balances	-	-	-	-	-	772,613	-	772,613	-
Total liabilities	239,934,168	151,274,127	175,394,678	106,767,792	93,326,434	64,324,171	27,874,325	858,895,695	
Shareholders' equity	-	-	-	-	-	85,957,034	-	85,957,034	-
Non-controlling interests	-	-	-	-	-	2,960,106	-	2,960,106	-
	-	-	-	-	-	88,917,140	-	88,917,140	-
Total liabilities and shareholders' equity	239,934,168	151,274,127	175,394,678	106,767,792	93,326,434	153,241,311	27,874,325	947,812,835	
On-balance sheet interest sensitivity gap	136,685,813	(78,181,827)	(103,351,916)	13,880,228	95,347,414	(99,826,942)	35,439,230		
Off-balance sheet interest sensitivity gap (interest rate swaps)	605,472	(8,749,843)	202,645	4,003,717	3,938,009	-	-		
Total interest sensitivity gap	137,291,285	(86,931,670)	(103,149,271)	17,891,945	99,285,423	(99,826,942)	35,439,230		
Cumulative interest rate sensitivity gap	137,291,285	50,359,615	(52,789,656)	(34,897,711)	64,387,712	(35,439,230)	-		

* 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 2022 and 31 December 2021. The tables indicate effective average interest rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier (cont'd.).

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
2021									
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	3.68
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).

Notes to the Financial Statements

31 December 2022

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 2022 and 31 December 2021. 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 2022	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	23,121,076	-	-	-	-	6,469,355	-	29,590,431	2.30
Deposits and placements with financial institutions	-	18,955,426	7,206,821	220,275	233,248	1,742,489	-	28,358,259	3.59
Financial assets purchased under resale agreements	13,430,053	900,423	-	-	-	-	-	14,330,476	1.67
Financial investments at fair value through profit or loss	-	-	-	-	-	-	13,978,475	13,978,475	2.88
Financial investments at fair value through other comprehensive income	8,785,991	1,750,127	3,730,102	24,480,085	34,448,199	356,976	-	73,551,480	2.94
Financial investments at amortised cost	853,910	1,840,669	5,609,455	7,912,612	30,017,482	-	-	46,234,128	4.16
Loans, advances and financing									
- Non-impaired	147,934,884	36,311,082	17,111,384	25,080,947	18,631,628	-	-	245,069,925	4.87
- Impaired*	2,314,646	-	-	-	-	-	-	2,314,646	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(2,247,643)	-	(2,247,643)	-
Derivative assets	-	-	-	-	-	-	24,293,832	24,293,832	-
Other assets	-	-	-	-	-	7,229,657	-	7,229,657	-
Other non-interest sensitive balances	-	-	-	-	-	39,972,759	-	39,972,759	-
Total assets	196,440,560	59,757,727	33,657,762	57,693,919	83,330,557	53,523,593	38,272,307	522,676,425	
Liabilities and shareholders' equity									
Deposits from customers	94,037,857	49,463,239	60,278,091	37,164,795	33,910,179	-	-	274,854,161	1.61
Deposits and placements from financial institutions	30,011,340	28,805,441	7,485,038	162,960	298,660	31,005	-	66,794,444	3.13
Obligations on financial assets sold under repurchase agreements	16,909,385	9,380,911	-	-	-	-	-	26,290,296	2.61
Derivative liabilities	-	-	-	-	-	-	27,190,450	27,190,450	-
Financial liabilities at fair value through profit or loss	2,701	-	51,700	154,300	8,108,383	-	-	8,317,084	3.68
Bills and acceptances payable	-	-	-	-	-	1,212,731	-	1,212,731	-
Other liabilities	106,422	63,158	80,421	14,785	-	9,536,456	-	9,801,242	1.43
Borrowings	970,682	2,350,639	3,667,761	13,386,669	2,110,416	-	-	22,486,167	2.01
Subordinated obligations	130,233	-	-	9,700,000	-	-	-	9,830,233	3.70
Capital securities	28,817	-	-	-	2,800,000	-	-	2,828,817	4.07
Total liabilities	142,197,437	90,063,388	71,563,011	60,583,509	47,227,638	10,780,192	27,190,450	449,605,625	
Shareholders' equity	-	-	-	-	-	73,070,800	-	73,070,800	-
Total liabilities and shareholders' equity	142,197,437	90,063,388	71,563,011	60,583,509	47,227,638	83,850,992	27,190,450	522,676,425	
On-balance sheet interest sensitivity gap	54,243,123	(30,305,661)	(37,905,249)	(2,889,590)	36,102,919	(30,327,399)	11,081,857		
Off-balance sheet interest sensitivity gap (interest rate swaps)	586,484	(6,948,525)	2,813,025	(388,993)	3,938,009	-	-		
Total interest sensitivity gap	54,829,607	(37,254,186)	(35,092,224)	(3,278,583)	40,040,928	(30,327,399)	11,081,857		
Cumulative interest rate sensitivity gap	54,829,607	17,575,421	(17,516,803)	(20,795,386)	19,245,542	(11,081,857)	-		

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

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 2022 and 31 December 2021. 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	3.68
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.)

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 Group 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 2022 and 31 December 2021. The tables indicate effective average yield/profit rates at the reporting date and the periods in which the financial instruments are either repriced or mature, whichever is earlier.

Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
2022									
Assets									
Cash and short-term funds	15,092,557	-	-	-	-	2,332	-	15,094,889	2.73
Deposits and placements with financial institutions	-	5,329,880	-	-	-	-	-	5,329,880	3.61
Financial assets purchased under resale agreements	-	2,121,695	-	-	-	-	-	2,121,695	3.15
Financial investments at fair value through profit or loss	-	-	-	-	-	-	309,504	309,504	5.14
Financial investments at fair value through other comprehensive income	-	172,531	3,225,137	2,498,857	9,749,458	-	-	15,645,983	3.98
Financial investments at amortised cost	-	156,734	826,800	3,974,029	22,504,136	-	-	27,461,699	4.38
Financing and advances									
– Non-impaired	142,796,759	4,084,582	2,485,035	19,919,570	46,022,178	-	-	215,308,124	4.21
– Impaired*	823,768	-	-	-	-	-	-	823,768	-
– 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(1,752,269)	-	(1,752,269)	-
Derivative assets	-	-	-	-	-	-	263,763	263,763	-
Other assets	-	-	-	-	-	5,971,596	-	5,971,596	-
Other non-yield/profit sensitive balances	-	-	-	-	-	3,801,789	-	3,801,789	-
Total assets	158,713,084	11,865,422	6,536,972	26,392,456	78,275,772	8,023,448	573,267	290,380,421	
Liabilities and Islamic banking capital funds									
Customers' funding:									
– Deposits from customers	63,587,544	50,154,313	43,648,817	17,442,793	34,949,996	-	-	209,783,463	2.51
– Investment accounts of customers [^]	2,531,872	1,683,904	5,402,580	6,199,693	9,819,653	-	-	25,637,702	1.29
Deposits and placements from financial institutions	5,771,179	8,897,244	7,791,475	553,234	275,476	304,897	-	23,593,505	3.64
Obligations on financial assets sold under repurchase agreements	461,081	-	-	-	-	-	-	461,081	3.05
Derivative liabilities	-	-	-	-	-	-	384,674	384,674	-
Bills and acceptances payable	-	-	-	-	-	32,569	-	32,569	-
Other liabilities	14,448	-	-	-	-	3,204,230	-	3,218,678	2.30
Term funding	-	1,490,824	4,923,130	3,007,248	-	-	-	9,421,202	3.26
Subordinated sukuk	-	-	-	2,021,893	-	-	-	2,021,893	3.70
Capital securities	-	-	-	1,002,347	-	-	-	1,002,347	4.76
Other non-yield/profit sensitive balances	-	-	-	-	-	150,781	-	150,781	-
Total liabilities	72,366,124	62,226,285	61,766,002	30,227,208	45,045,125	3,692,477	384,674	275,707,895	
Islamic banking capital funds	-	-	-	-	-	14,672,526	-	14,672,526	-
Total liabilities and Islamic banking capital funds	72,366,124	62,226,285	61,766,002	30,227,208	45,045,125	18,365,003	384,674	290,380,421	
On-balance sheet yield/profit rate sensitivity gap	86,346,960	(50,360,863)	(55,229,030)	(3,834,752)	33,230,647	(10,341,555)	188,593		
Off-balance sheet yield/profit rate sensitivity gap	(161)	125	1,508	(1,582)	110	-	-		
Total yield/profit rate sensitivity gap	86,346,799	(50,360,738)	(55,227,522)	(3,836,334)	33,230,757	(10,341,555)	188,593		
Cumulative yield/profit rate sensitivity gap	86,346,799	35,986,061	(19,241,461)	(23,077,795)	10,152,962	(188,593)	-		

* 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).

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 2022 and 31 December 2021. 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
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
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

31 December 2022

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 shocks.

	Tax rate	Group		Bank	
		+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
2022					
Impact to profit before tax		544,094	(544,094)	189,604	(189,604)
Impact to profit after tax	24%	413,511	(413,511)	144,099	(144,099)
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)

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 FVOCI.

	Group		Bank	
	+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
2022				
Impact to revaluation reserve for FVOCI	(5,737,787)	5,737,787	(4,012,989)	4,012,989
2021				
Impact to revaluation reserve for FVOCI	(5,408,431)	5,408,431	(3,805,864)	3,805,864

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.

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 2022 and 31 December 2021, by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, Great Britain Pound, Hong Kong Dollar, United States 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 2022	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	21,792,459	4,207,693	178,415	133,450	7,307,776	771,300	268,794	2,913,982	37,573,869
Deposits and placements with financial institutions	246,444	5,682,627	-	3,835	8,930,771	8	-	1,232,293	16,095,978
Financial assets purchased under resale agreements	272,189	3,102,596	-	-	10,949,600	434,788	-	209,589	14,968,762
Financial assets designated upon initial recognition at fair value through profit or loss	12,612,090	1,141	-	4,370	159,094	2,166	-	43,939	12,822,800
Financial investments at fair value through profit or loss	9,670,208	7,264,637	23,124	134,673	2,528,595	857,486	93,626	5,231,651	25,804,000
Financial investments at fair value through other comprehensive income	61,426,843	27,925,974	-	1,525,398	16,642,551	5,514,566	499,287	7,171,579	120,706,198
Financial investments at amortised cost	64,822,557	1,803,482	-	160,387	480,684	1,749,534	-	2,740,298	71,756,942
Loans, advances and financing to financial institutions	96,546	-	-	3,024	159,688	1,102,454	-	-	1,361,712
Loans, advances and financing to customers	346,592,841	119,906,975	6,858,298	8,278,742	51,522,158	24,042,682	1,230,546	15,593,543	574,025,785
Derivative assets*	29,222,522	5,864,213	(1,035,033)	198,714	(12,690,481)	(936,855)	2,047,042	2,016,633	24,686,755
Reinsurance/retakaful assets and other insurance receivables	4,992,057	1,685,304	-	-	2,360	207,450	-	153,839	7,041,010
Other assets*	4,978,171	345,447	624,652	307,247	2,941,944	1,208,574	137,170	923,473	11,466,678
Investment properties	983,445	-	-	-	895	-	-	4,555	988,895
Statutory deposits with central banks	5,875,028	4,080,708	-	-	914,910	2,399,439	-	507,239	13,777,324
Interest in associates and joint ventures	199,302	-	-	-	612,373	-	-	1,395,569	2,207,244
Property, plant and equipment	953,606	759,347	21,614	7,777	47,789	292,712	-	59,220	2,142,065
Right-of-use assets	520,207	239,773	7,043	64,315	105,598	128,343	-	111,497	1,176,776
Intangible assets	861,870	1,935,552	-	79,896	17,305	3,026,590	-	825,912	6,747,125
Deferred tax assets*	1,935,780	-	-	-	15,427	275,959	-	235,751	2,462,917
Total assets	568,054,165	184,805,469	6,678,113	10,901,828	90,649,037	41,077,196	4,276,465	41,370,562	947,812,835
Liabilities									
Customers' funding:									
- Deposits from customers	352,241,955	123,215,598	4,791,033	14,841,758	77,592,875	23,532,079	1,771,989	16,907,807	614,895,094
- Investment accounts of customers^	24,500,981	-	-	-	-	-	-	-	24,500,981
Deposits and placements from financial institutions	11,657,990	2,170,346	55,431	3,436,909	27,384,536	313,488	933,366	5,941,714	51,893,780
Obligations on financial assets sold under repurchase agreements	11,514,824	1,146,578	-	-	1,833,957	-	287,732	802,745	15,585,836
Derivative liabilities*	67,101,524	9,285,429	(1,110,378)	(1,010,693)	(41,878,637)	172,655	601,051	(5,286,626)	27,874,325
Financial liabilities at fair value through profit or loss	208,700	-	-	-	8,108,384	-	-	-	8,317,084
Bills and acceptances payable	1,184,565	364,029	191	54	110,309	109,073	17,466	25,267	1,810,954
Insurance/takaful contract liabilities and other insurance payables	30,233,352	10,899,470	-	-	12,650	258,591	-	510,687	41,914,750
Other liabilities*	8,045,966	7,321,365	431,697	422,825	4,809,101	1,875,107	309,182	3,311,822	26,527,065
Provision for taxation and zakat	(156,111)	377,962	1,313	26,518	39,838	25,603	-	57,053	372,176
Deferred tax liabilities	597,899	(208,363)	42	-	-	-	-	10,859	400,437
Borrowings	2,672,873	1,190,541	-	1,973,983	13,530,026	3,907,286	-	8,461,298	31,736,007
Subordinated obligations	10,144,534	-	-	-	-	93,855	-	-	10,238,389
Capital securities	2,828,817	-	-	-	-	-	-	-	2,828,817
Total liabilities	522,777,869	155,762,955	4,169,329	19,691,354	91,543,039	30,287,737	3,920,786	30,742,626	858,895,695
On-balance sheet open position	45,276,296	29,042,514	2,508,784	(8,789,526)	(894,002)	10,789,459	355,679	10,627,936	88,917,140
Less: Derivative assets	(29,222,522)	(5,864,213)	1,035,033	(198,714)	12,690,481	936,855	(2,047,042)	(2,016,633)	(24,686,755)
Add: Derivative liabilities	67,101,524	9,285,429	(1,110,378)	(1,010,693)	(41,878,637)	172,655	601,051	(5,286,626)	27,874,325
Add: Net forward position	(33,774,883)	(13,809,573)	(2,204,510)	11,144,713	32,872,799	29,717	1,098,159	4,911,202	267,624
Net open position	49,380,415	18,654,157	228,929	1,145,780	2,790,641	11,928,686	7,847	8,235,879	92,372,334
Net structural currency exposures	-	16,798,958	16,695	180,795	8,352,187	10,586,215	-	4,524,748	40,459,598

* 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.

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

Notes to the Financial Statements

31 December 2022

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

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

6. Foreign exchange risk (cont'd.)

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

* 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.

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

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

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

6. Foreign exchange risk (cont'd.)

Bank 2022	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	18,048,187	3,361,907	343,788	197,449	4,993,008	113,075	190,510	2,342,507	29,590,431
Deposits and placements with financial institutions	13,879,053	5,336,175	292,168	-	8,237,097	-	-	613,766	28,358,259
Financial assets purchased under resale agreements	272,985	3,107,891	-	-	10,949,600	-	-	-	14,330,476
Financial investments at fair value through profit or loss	5,483,420	4,545,785	-	-	578,123	612,962	-	2,758,185	13,978,475
Financial investments at fair value through other comprehensive income	35,694,086	13,773,332	-	1,525,398	15,639,311	17,408	457,920	6,444,025	73,551,480
Financial investments at amortised cost	42,848,044	2,454,185	-	160,387	157,291	74,825	-	539,396	46,234,128
Loans, advances and financing to financial institutions	30,197,215	-	425,341	3,024	679,385	-	-	-	31,304,965
Loans, advances and financing to customers	111,333,141	44,067,296	4,905,736	7,962,437	36,543,234	-	773,426	8,246,693	213,831,963
Derivative assets*	30,962,048	6,336,459	(1,402,351)	195,329	(14,939,839)	(1,014,109)	2,052,129	2,104,166	24,293,832
Other assets*	4,864,520	(15,446)	517,739	25,232	1,736,233	57	6,406	94,916	7,229,657
Statutory deposits with central banks	2,369,292	-	-	-	246,941	-	-	111,978	2,728,211
Investment in subsidiaries	12,302,710	14,774,102	-	-	285,159	3,517,532	-	2,981,124	33,860,627
Interest in associates and joint ventures	4,511	-	-	-	434,348	-	-	-	438,859
Property, plant and equipment	593,570	244,820	21,030	2,045	5,966	-	-	2,262	869,693
Right-of-use assets	390,064	79,172	5,209	34,141	20,578	-	-	21,147	550,311
Intangible assets	406,775	-	-	1,259	6,927	-	-	10,835	425,796
Deferred tax assets*	983,048	-	-	-	-	-	-	116,214	1,099,262
Total assets	310,632,669	98,065,678	5,108,660	10,106,701	65,573,362	3,321,750	3,480,391	26,387,214	522,676,425
Liabilities									
Deposits from customers	154,338,313	41,344,439	3,295,637	14,632,192	50,566,393	-	1,096,008	9,581,179	274,854,161
Deposits and placements from financial institutions	17,725,396	7,079,305	577,239	3,456,048	30,947,053	-	1,070,218	5,939,185	66,794,444
Obligations on financial assets sold under repurchase agreements	13,176,234	5,344,399	-	-	6,659,491	-	287,732	822,440	26,290,296
Derivative liabilities*	64,731,284	9,871,266	(1,001,706)	(1,021,837)	(40,783,498)	67,498	620,163	(5,292,720)	27,190,450
Financial liabilities at fair value through profit or loss	208,700	-	-	-	8,108,384	-	-	-	8,317,084
Bills and acceptances payable	1,151,638	38,558	191	54	1,796	-	291	20,203	1,212,731
Other liabilities*	7,182,279	424,310	596,908	56,775	1,169,134	85,571	5,107	281,158	9,801,242
Deferred tax liabilities	144,245	(144,245)	-	-	-	-	-	-	-
Provision for taxation and zakat	(359,021)	268,350	1,351	25,742	14,939	-	-	48,639	-
Borrowings	2,672,873	356,540	-	1,875,465	10,546,712	-	-	7,034,577	22,486,167
Subordinated obligations	9,830,233	-	-	-	-	-	-	-	9,830,233
Capital securities	2,828,817	-	-	-	-	-	-	-	2,828,817
Total liabilities	273,630,991	64,582,922	3,469,620	19,024,439	67,230,404	153,069	3,079,519	18,434,661	449,605,625
On-balance sheet open position	37,001,678	33,482,756	1,639,040	(8,917,738)	(1,657,042)	3,168,681	400,872	7,952,553	73,070,800
Less: Derivative assets	(30,962,048)	(6,336,459)	1,402,351	(195,329)	14,939,839	1,014,109	(2,052,129)	(2,104,166)	(24,293,832)
Add: Derivative liabilities	64,731,284	9,871,266	(1,001,706)	(1,021,837)	(40,783,498)	67,498	620,163	(5,292,720)	27,190,450
Add: Net forward position	(33,774,883)	(13,896,704)	(2,101,525)	11,055,196	31,464,996	(564,233)	1,050,254	3,488,056	(3,278,843)
Net open position	36,996,031	23,120,859	(61,840)	920,292	3,964,295	3,686,055	19,160	4,043,723	72,688,575
Net structural currency exposures	-	21,637,697	16,695	-	7,367,341	3,517,532	-	3,796,242	36,335,507

* 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.

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		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Singapore Dollar	16,798,958	15,538,933	21,637,697	20,985,317
Great Britain Pound	16,695	22,686	16,695	22,686
Hong Kong Dollar	180,795	44,852	–	25,324
United States Dollar	8,352,187	7,363,820	7,367,341	6,780,092
Indonesia Rupiah	10,586,215	10,658,941	3,517,532	3,517,532
Others	4,524,748	4,832,094	3,796,242	3,758,929
	40,459,598	38,461,326	36,335,507	35,089,880

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
2022				
Impact to profit after taxation	23,865	(23,865)	6,426	(6,426)
2021				
Impact to profit after taxation	(14,964)	14,964	(15,031)	15,031

Interpretation of impact

The Group and the Bank measures the foreign exchange sensitivity based on the foreign exchange net open positions (excluding foreign exchange structural position) under an adverse movement in all foreign currencies against the functional currency - Ringgit Malaysia ("RM"). The result implies that the Group and the Bank may be subject to additional translation (losses)/gains if the RM appreciates/depreciates against other currencies and vice versa.

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

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

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
2022				
Impact to profit after tax	668,112	(668,112)	39,110	(39,110)
Impact to post-tax equity	14,779	(14,779)	1,370	(1,370)
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)

(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.

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 2022 and 31 December 2021.

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

Group 2022	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	37,573,869	-	-	-	-	-	-	-	37,573,869
Deposits and placements with financial institutions	-	9,379,620	5,785,498	463,198	227,180	-	240,482	-	16,095,978
Financial assets purchased under resale agreements	11,709,405	3,259,357	-	-	-	-	-	-	14,968,762
Financial assets designated upon initial recognition at fair value through profit or loss	179,200	118,897	210,871	151,346	855,535	1,690,902	9,611,855	4,194	12,822,800
Financial investments at fair value through profit or loss	4,114,998	3,228,843	2,555,584	3,067,819	1,475,364	979,160	2,252,489	8,129,743	25,804,000
Financial investments at fair value through other comprehensive income	7,394,773	3,390,862	10,316,002	4,834,544	14,068,190	20,862,552	58,830,104	1,009,171	120,706,198
Financial investments at amortised cost	404,038	2,100,915	5,937,772	3,608,170	7,753,544	6,386,384	41,435,341	4,130,778	71,756,942
Loans, advances and financing to financial institutions	182,390	90,904	702	162,052	381,226	259,549	284,889	-	1,361,712
Loans, advances and financing to customers	66,483,220	20,453,521	14,341,800	19,012,840	63,660,093	76,344,840	313,729,471	-	574,025,785
Derivative assets	1,657,895	2,044,483	1,154,524	1,454,411	2,837,327	2,396,919	13,141,196	-	24,686,755
Reinsurance/retakaful assets and other insurance receivables	6,833,560	-	-	207,450	-	-	-	-	7,041,010
Other assets	4,658,672	46,063	2,099	678,375	30,970	16,705	5,377	6,028,417	11,466,678
Investment properties	-	-	-	-	-	-	-	988,895	988,895
Statutory deposits with central banks	-	-	-	-	-	-	-	13,777,324	13,777,324
Interest in associates and joint ventures	-	-	-	-	-	-	-	2,207,244	2,207,244
Property, plant and equipment	-	-	-	-	-	-	-	2,142,065	2,142,065
Right-of-use assets	-	-	-	-	-	-	-	1,176,776	1,176,776
Intangible assets	-	-	-	-	-	-	-	6,747,125	6,747,125
Deferred tax assets	-	-	-	-	-	-	-	2,462,917	2,462,917
Total assets	141,192,020	44,113,465	40,304,852	33,640,205	91,289,429	108,937,011	439,531,204	48,804,649	947,812,835
Liabilities									
Customers' funding:									
- Deposits from customers	381,626,020	103,738,837	63,327,493	49,495,613	16,611,214	95,917	-	-	614,895,094
- Investment accounts of customers [^]	21,277,704	584,112	1,216,976	1,403,496	13,924	4,769	-	-	24,500,981
Deposits and placements from financial institutions	8,547,127	30,677,684	6,939,177	3,290,878	1,840,155	224,622	374,137	-	51,893,780
Obligations on financial assets sold under repurchase agreements	7,738,111	7,274,558	-	-	195,311	259,049	118,807	-	15,585,836
Derivative liabilities	1,823,694	2,923,260	1,498,648	1,591,559	3,086,576	2,134,897	14,815,691	-	27,874,325
Financial liabilities at fair value through profit or loss	4,200	34,200	17,500	-	44,100	110,200	8,106,884	-	8,317,084
Bills and acceptances payable	1,643,841	137,191	29,922	-	-	-	-	-	1,810,954
Insurance/takaful contract liabilities and other insurance payables	30,719,193	-	-	261,752	-	-	10,933,805	-	41,914,750
Other liabilities	14,232,974	4,349	254,980	2,094,156	1,661,647	4,563,946	1,076,019	2,638,994	26,527,065
Provision for taxation and zakat	8,167	496	14,003	18,520	-	-	-	330,990	372,176
Deferred tax liabilities	-	-	-	-	-	-	-	400,437	400,437
Borrowings	2,791,921	3,346,353	1,959,769	7,379,816	8,219,591	3,276,667	4,761,890	-	31,736,007
Subordinated obligations	130,232	-	92,645	1,211	4,300,000	4,700,000	1,014,301	-	10,238,389
Capital securities	28,817	-	-	-	1,240,000	1,560,000	-	-	2,828,817
Total liabilities	470,572,001	148,721,040	75,351,113	65,537,001	37,212,518	16,930,067	41,201,534	3,370,421	858,895,695
Net liquidity gap	(329,379,981)	(104,607,575)	(35,046,261)	(31,896,796)	54,076,911	92,006,943	396,854,651	45,434,228	88,917,140

[^] 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 2022 and 31 December 2021 (cont'd.).

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

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	7,462	950	12,463	11,292	-	-	-	279,218	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	456,612,743	109,125,997	72,259,994	66,980,013	41,682,468	12,823,675	37,066,605	3,068,477	799,619,972
Net liquidity gap	(310,423,909)	(58,614,286)	(35,785,665)	(27,932,885)	45,793,497	77,501,297	369,213,846	28,800,526	88,552,421

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

Notes to the Financial Statements

31 December 2022

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 2022 and 31 December 2021 (cont'd.).

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

Bank 2022	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	29,590,431	-	-	-	-	-	-	-	29,590,431
Deposits and placements with financial institutions	-	21,648,921	5,784,769	461,950	222,137	-	240,482	-	28,358,259
Financial assets purchased under resale agreements	13,429,219	901,257	-	-	-	-	-	-	14,330,476
Financial investments at fair value through profit or loss	2,782,115	2,734,024	2,065,956	2,947,754	377,175	734,488	1,106,516	1,230,447	13,978,475
Financial investments at fair value through other comprehensive income	3,150,394	2,425,419	1,519,119	3,299,914	9,132,139	16,744,895	36,922,624	356,976	73,551,480
Financial investments at amortised cost	2,917	1,857,026	3,742,257	1,876,860	3,789,189	4,951,659	30,014,071	149	46,234,128
Loans, advances and financing to financial institutions	6,085,867	62,368	-	6,525,183	4,152,008	4,534,883	9,944,656	-	31,304,965
Loans, advances and financing to customers	34,020,207	10,523,668	7,994,378	10,018,850	36,096,630	39,560,230	75,618,000	-	213,831,963
Derivative assets	1,526,813	2,009,338	880,668	1,424,424	2,819,672	2,622,513	13,010,404	-	24,293,832
Other assets	351,111	5,962	657	-	2,893	-	28	6,869,006	7,229,657
Statutory deposits with central banks	-	-	-	-	-	-	-	2,728,211	2,728,211
Investment in subsidiaries	-	-	-	-	-	-	-	33,860,627	33,860,627
Interest in associates and joint ventures	-	-	-	-	-	-	-	438,859	438,859
Property, plant and equipment	-	-	-	-	-	-	-	869,693	869,693
Right-of-use assets	-	-	-	-	-	-	-	550,311	550,311
Intangible assets	-	-	-	-	-	-	-	425,796	425,796
Deferred tax assets	-	-	-	-	-	-	-	1,099,262	1,099,262
Total assets	90,939,074	42,167,983	21,987,804	26,554,935	56,591,843	69,148,668	166,856,781	48,429,337	522,676,425
Liabilities									
Deposits from customers	182,417,024	44,756,816	24,186,554	21,955,076	1,462,843	75,848	-	-	274,854,161
Deposits and placements from financial institutions	28,770,337	29,236,956	5,430,194	1,913,702	1,307,581	37,014	98,660	-	66,794,444
Obligations on financial assets sold under repurchase agreements	18,442,571	7,274,558	-	-	195,311	259,049	118,807	-	26,290,296
Derivative liabilities	1,672,530	2,790,492	1,314,516	1,514,248	2,920,471	2,295,362	14,682,831	-	27,190,450
Financial liabilities at fair value through profit or loss	4,200	34,200	17,500	-	44,100	110,200	8,106,884	-	8,317,084
Bills and acceptances payable	1,212,466	-	265	-	-	-	-	-	1,212,731
Other liabilities	7,409,000	54,754	13,916	74,607	176,834	97,477	433,879	1,540,775	9,801,242
Borrowings	970,688	2,350,637	526,474	3,983,548	9,267,737	3,276,667	2,110,416	-	22,486,167
Subordinated obligations	130,233	-	-	-	4,300,000	4,700,000	700,000	-	9,830,233
Capital securities	28,817	-	-	-	1,240,000	1,560,000	-	-	2,828,817
Total liabilities	241,057,866	86,498,413	31,489,419	29,441,181	20,914,877	12,411,617	26,251,477	1,540,775	449,605,625
Net liquidity gap	(150,118,792)	(44,330,430)	(9,501,615)	(2,886,246)	35,676,966	55,733,599	140,552,778	46,888,562	73,070,800

Notes to the Financial Statements

31 December 2022

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 2022 and 31 December 2021 (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
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	231,504,248	63,612,447	35,482,069	27,889,439	23,650,236	11,719,721	20,963,868	1,420,221	416,242,249
Net liquidity gap	(147,912,751)	(10,733,089)	(9,959,246)	(3,744,037)	30,117,177	36,354,046	137,848,624	41,437,716	73,108,440

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 2022 and 31 December 2021. The amounts disclosed in the tables 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 2022	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	376,147,949	105,592,919	63,981,506	61,957,459	8,896,712	2,697,667	20,514	619,294,726
Investment accounts of customers	21,291,984	590,498	1,231,357	1,430,919	14,535	5,242	-	24,564,535
Deposits and placements from financial institutions	9,076,405	30,788,685	7,969,943	3,455,052	524,411	225,540	374,136	52,414,172
Obligations on financial assets sold under repurchase agreements	8,511,690	7,013,875	-	-	-	-	-	15,525,565
Financial liabilities at fair value through profit or loss	4,200	34,200	17,500	-	44,100	110,200	11,952,122	12,162,322
Bills and acceptances payable	1,810,909	-	265	-	-	-	-	1,811,174
Insurance/takaful contract liabilities and other insurance payables	30,743,336	-	-	261,752	-	-	10,933,805	41,938,893
Other liabilities	9,019,000	1,703,817	2,528,779	3,116,419	3,488,191	5,673,341	2,389,294	27,918,841
Borrowings	3,512,751	4,046,645	3,036,880	8,280,031	8,512,667	3,575,456	2,295,988	33,260,418
Subordinated obligations	-	1,229	235,678	2,459	4,701,632	5,390,988	1,122,742	11,454,728
Capital securities	-	-	-	-	1,341,322	1,817,886	-	3,159,208
	460,118,224	149,771,868	79,001,908	78,504,091	27,523,570	19,496,320	29,088,601	843,504,582
Commitments and contingencies								
Direct credit substitutes	1,597,928	2,366,121	2,779,208	4,436,491	868,831	163,723	412,490	12,624,792
Certain transaction-related contingent items	1,481,880	915,780	2,026,489	2,804,396	5,073,852	1,854,462	377,212	14,534,071
Short-term self-liquidating trade-related contingencies	3,401,777	3,560,563	153,627	20,198	7,186	-	-	7,143,351
Irrevocable commitments to extend credit	94,352,263	7,548,568	421,981	39,894,632	22,535,315	17,074,408	709,635	182,536,802
Miscellaneous	6,286,286	833,034	2,026,760	1,670,705	231,577	60,295	96,356	11,205,013
	107,120,134	15,224,066	7,408,065	48,826,422	28,716,761	19,152,888	1,595,693	228,044,029
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	Total 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

Notes to the Financial Statements

31 December 2022

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 2022 and 31 December 2021. The amounts disclosed in the tables 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 2022	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	182,766,691	44,953,763	24,123,222	22,309,728	1,566,783	79,182	-	275,799,369
Deposits and placements from financial institutions	28,773,943	29,343,171	5,474,892	1,945,586	1,344,249	37,108	98,660	67,017,609
Obligations on financial assets sold under repurchase agreements	19,215,154	7,013,875	-	-	-	-	-	26,229,029
Financial liabilities at fair value through profit or loss	4,200	34,200	17,500	-	44,100	110,200	11,952,122	12,162,322
Bills and acceptances payable	1,212,466	-	265	-	-	-	-	1,212,731
Other liabilities	852,966	1,744,382	2,266,237	899,194	2,355,947	783,940	434,865	9,337,531
Borrowings	889,365	2,512,380	608,640	4,165,074	9,903,947	3,410,213	2,295,988	23,785,607
Subordinated obligations	-	-	-	-	4,640,140	5,390,988	808,440	10,839,568
Capital securities	-	-	-	-	1,341,322	1,817,886	-	3,159,208
	233,714,785	85,601,771	32,490,756	29,319,582	21,196,488	11,629,517	15,590,075	429,542,974
Commitments and contingencies								
Direct credit substitutes	837,428	2,189,688	2,216,085	3,135,923	522,458	56,434	12,240	8,970,256
Certain transaction-related contingent items	1,086,412	749,537	1,382,846	2,250,056	3,532,673	1,078,484	317,742	10,397,750
Short-term self-liquidating trade-related contingencies	2,951,212	3,186,566	120,078	14,004	7,080	-	-	6,278,940
Irrevocable commitments to extend credit	76,595,184	7,548,568	421,981	4,302,081	11,421,242	6,227,108	11,403	106,527,567
Miscellaneous	5,166,544	822,064	2,015,268	1,568,053	63,347	16,977	96,356	9,748,609
	86,636,780	14,496,423	6,156,258	11,270,117	15,546,800	7,379,003	437,741	141,923,122

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

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 2022 and 31 December 2021. 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
2022	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	(14,524)	8,971	(57,544)	(150,268)	(289,497)	(24,068)	124	(526,806)
- Interest rate related contracts	(57,001)	(504,056)	(787,114)	(1,328,110)	(2,470,340)	(1,069,229)	(7,666,842)	(13,882,692)
- Equity related contracts	69,893	-	17,334	6,488	16,515	-	-	110,230
Hedging derivatives								
- Interest rate related contracts	(191)	(56,033)	3,640	(892)	(48)	-	-	(53,524)
	(1,823)	(551,118)	(823,684)	(1,472,782)	(2,743,370)	(1,093,297)	(7,666,718)	(14,352,792)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(110,933,527)	(90,774,296)	(54,220,753)	(22,368,283)	(10,473,840)	(7,371,090)	(3,519,224)	(299,661,013)
- Inflow	109,680,441	88,443,740	52,843,354	22,417,924	10,044,516	7,037,481	3,430,993	293,898,449
Hedging derivatives								
Derivatives:								
- Outflow	(157,681)	(1,781,202)	(718,827)	(2,587,607)	(4,849,436)	(1,081,970)	(1,616,620)	(12,793,343)
- Inflow	127,660	1,493,738	686,141	2,386,080	4,364,845	964,691	1,425,160	11,448,315
	(1,283,107)	(2,618,020)	(1,410,085)	(151,886)	(913,915)	(450,888)	(279,691)	(7,107,592)
Group 2021								
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)

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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 2022 and 31 December 2021. The amounts disclosed in the tables are the contractual undiscounted cash flows (cont'd.).

Bank 2022	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
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange related contracts	(22,330)	(6,125)	(57,544)	(150,268)	(291,005)	(24,216)	-	(551,488)
- Interest rate related contracts	(57,070)	(500,302)	(783,765)	(1,322,869)	(2,479,310)	(1,073,194)	(7,664,611)	(13,881,121)
- Equity related contracts	3,219	-	17,334	6,488	16,515	-	-	43,556
Hedging derivatives								
- Interest rate related contracts	(191)	(56,033)	3,640	(892)	(48)	-	-	(53,524)
	(76,372)	(562,460)	(820,335)	(1,467,541)	(2,753,848)	(1,097,410)	(7,664,611)	(14,442,577)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(109,306,143)	(92,402,891)	(55,055,202)	(21,705,095)	(10,605,735)	(8,540,089)	(3,700,447)	(301,315,602)
- Inflow	108,095,671	90,292,747	53,864,517	21,866,775	10,251,330	8,190,437	3,614,701	296,176,178
Hedging derivatives								
Derivatives:								
- Outflow	(157,681)	(1,781,202)	(718,827)	(2,587,607)	(4,849,436)	(1,081,970)	(1,616,620)	(12,793,343)
- Inflow	127,660	1,493,738	686,141	2,386,080	4,364,845	964,691	1,425,160	11,448,315
	(1,240,493)	(2,397,608)	(1,223,371)	(39,847)	(838,996)	(466,931)	(277,206)	(6,484,452)
Bank 2021								
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)

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.

(i) Environment, social and governance risk management

Environment, social and governance risks ("ESG risks") are potential losses arising from the failure to address the Group's environmental, social and corporate governance concerns, which would then adversely impact the sustainability of business operations or the value of assets and liabilities.

Recognising the strategic importance of sustainability, the Group has in place the Maybank Group ESG Risk Management Framework ("ESGRMF") which provides guidance on management of ESG risks across the operations and business activities. The ESGRMF is applicable to all entities within the Group, and all activities that the Group undertakes, including financing, deposit taking, insurance/takaful, asset management, investment and advisory services.

The Group conducts impact assessment on ESG risks from the two following perspectives:

- (a) Inside-out: the environmental and societal impacts arising from the Group's business operations and service delivery; and
- (b) Outside-in: the impact of ESG events and conditions to the Group's business operations, service delivery as well as business continuity.

Although ESG presents risks, the Group has introduced various initiatives to help mitigate and adapt to these risks to ensure that the business is resilient and better-positioned to meet stakeholder's needs and expectations over the long term.

In terms of products, services and advice, the Group intends to capitalise on new areas for business growth while supporting customers in the transition to a low-carbon economy, thus fulfilling the Group's commitment towards mobilising sustainable finance. On the other hand, in ensuring resource-efficient and climate-resilient operations, the Group strives towards achieving cost-savings, reducing our direct impact on climate change and protecting our business against the risks of climate change.

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:

- (a) Valuation principles;
- (b) Valuation techniques;
- (c) Fair value measurements and classification within the fair value hierarchy;
- (d) Transfers between Level 1 and Level 2 in the fair value hierarchy;
- (e) Movements of Level 3 instruments;
- (f) Sensitivity of fair value measurements to changes in unobservable input assumptions; and
- (g) Financial instruments not measured at fair value.

(a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group and the Bank determine the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs.

Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Group established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group and the Bank follow methodologies that consider factors such as bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Group and the Bank continuously enhance their design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for their intended use.

For disclosure purposes, the level in the hierarchy within which the instruments are classified in its entirety is based on the lowest level input that is significant to the position's fair value measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

- Level 2: Valuation techniques for which all significant inputs are, or are based on, observable market data

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds, illiquid equities and consumer loans and financing with homogeneous or similar features in the market.

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55. FAIR VALUE MEASUREMENTS (CONT'D.)

(a) Valuation principles (cont'd.)

- 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.

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 2022	Quoted market price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	
Non-financial assets measured at fair value:				
Investment properties	-	-	988,895	988,895
Financial assets measured at fair value:				
Financial assets designated upon initial recognition at fair value through profit or loss				
Money market instruments	-	875,191	-	875,191
Quoted securities	22,722	-	-	22,722
Unquoted securities	-	11,924,887	-	11,924,887
Financial investments at fair value through profit or loss	10,723,204	14,198,574	882,222	25,804,000
Money market instruments	-	8,402,673	-	8,402,673
Quoted securities	10,723,204	-	-	10,723,204
Unquoted securities	-	5,795,901	882,222	6,678,123
Financial investments at fair value through other comprehensive income	6,532,747	113,767,318	406,133	120,706,198
Money market instruments	-	58,117,521	-	58,117,521
Quoted securities	6,532,747	-	-	6,532,747
Unquoted securities	-	55,649,797	406,133	56,055,930
Loans, advances and financing at fair value through profit or loss	-	-	1,668	1,668
Loans, advances and financing at fair value through other comprehensive income	-	-	30,016,341	30,016,341
Derivative assets	-	24,246,576	440,179	24,686,755
Foreign exchange related contracts	-	6,968,614	-	6,968,614
Interest rate related contracts	-	19,291,714	-	19,291,714
Equity and commodity related contracts	-	200,485	440,179	640,664
Credit related contracts	-	1,814	-	1,814
Netting effects under MFRS 132 Amendments	-	(2,216,051)	-	(2,216,051)
	17,278,673	165,012,546	31,746,543	214,037,762
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Structured deposits	-	209,827	-	209,827
Borrowings	-	8,107,257	-	8,107,257
Derivative liabilities	-	27,434,146	440,179	27,874,325
Foreign exchange related contracts	-	9,089,105	-	9,089,105
Interest rate related contracts	-	20,071,651	-	20,071,651
Equity and commodity related contracts	-	487,672	440,179	927,851
Credit related contracts	-	1,769	-	1,769
Netting effects under MFRS 132 Amendments	-	(2,216,051)	-	(2,216,051)
	-	35,751,230	440,179	36,191,409

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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	Quoted market price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	
2021				
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				
	4,096	13,177,770	-	13,181,866
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				
	-	10,696,966	-	10,696,966
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.):

	Quoted market price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	
Bank 2022				
Financial assets measured at fair value:				
Financial investments at fair value through profit or loss	514,606	12,747,961	715,908	13,978,475
Money market instruments	-	8,182,642	-	8,182,642
Quoted securities	514,606	-	-	514,606
Unquoted securities	-	4,565,319	715,908	5,281,227
Financial investments at fair value through other comprehensive income	18,029	73,135,323	398,128	73,551,480
Money market instruments	-	31,361,580	-	31,361,580
Quoted securities	18,029	-	-	18,029
Unquoted securities	-	41,773,743	398,128	42,171,871
Loans, advances and financing at fair value through profit or loss	-	-	1,668	1,668
Loans, advances and financing at fair value through other comprehensive income	-	-	26,855,119	26,855,119
Derivative assets	-	23,853,653	440,179	24,293,832
Foreign exchange related contracts	-	6,663,812	-	6,663,812
Interest rate related contracts	-	19,366,758	-	19,366,758
Equity and commodity related contracts	-	8,889	440,179	449,068
Credit related contracts	-	1,814	-	1,814
Netting effects under MFRS 132 Amendments	-	(2,187,620)	-	(2,187,620)
	532,635	109,736,937	28,411,002	138,680,574
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss	-	8,317,084	-	8,317,084
Structured deposits	-	209,827	-	209,827
Borrowings	-	8,107,257	-	8,107,257
Derivative liabilities	-	26,750,271	440,179	27,190,450
Foreign exchange related contracts	-	8,908,448	-	8,908,448
Interest rate related contracts	-	20,019,696	-	20,019,696
Equity and commodity related contracts	-	7,978	440,179	448,157
Credit related contracts	-	1,769	-	1,769
Netting effects under MFRS 132 Amendments	-	(2,187,620)	-	(2,187,620)
	-	35,067,355	440,179	35,507,534

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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	Quoted market price (Level 1) RM'000	Valuation technique using		Total 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

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 2022.

(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 2022	At 1 January 2022 RM'000	Other (losses)/gains recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains/(losses) 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 2022 RM'000
Financial investments at fair value through profit or loss									
Unquoted securities	860,645	-	21,591	-	-	-	-	(14)	882,222
Financial investments at fair value through other comprehensive income									
Unquoted securities	426,217	(794)	-	6,747	-	-	(26,037)	-	406,133
Loans, advances and financing at fair value through profit or loss	15,491	-	-	-	1,668	-	(16,448)	957	1,668
Loans, advances and financing at fair value through other comprehensive income	21,763,013	-	-	(18,598)	15,373,296	-	(8,115,356)	1,013,986	30,016,341
Derivative assets									
Equity and commodity related contracts	420,650	314,551	(117,855)	-	427,949	(605,116)	-	-	440,179
Total Level 3 financial assets	23,486,016	313,757	(96,264)	(11,851)	15,802,913	(605,116)	(8,157,841)	1,014,929	31,746,543
Derivative liabilities									
Equity and commodity related contracts	(420,650)	(331,369)	117,830	-	(427,949)	621,959	-	-	(440,179)
Total Level 3 financial liabilities	(420,650)	(331,369)	117,830	-	(427,949)	621,959	-	-	(440,179)
Total net Level 3 financial assets/(liabilities)	23,065,366	(17,612)	21,566	(11,851)	15,374,964	16,843	(8,157,841)	1,014,929	31,306,364

* 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 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'.

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 2022	At 1 January 2022 RM'000	Other (losses)/gains recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains/(losses) 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 2022 RM'000
Financial investments at fair value through profit or loss									
Unquoted securities	700,280	-	15,628	-	-	-	-	-	715,908
Financial investments at fair value through other comprehensive income									
Unquoted securities	392,339	(794)	-	6,583	-	-	-	-	398,128
Loans, advances and financing at fair value through profit or loss	15,491	-	-	-	1,668	-	(16,448)	957	1,668
Loans, advances and financing at fair value through other comprehensive income	19,301,237	-	-	(61,596)	14,384,460	-	(7,775,924)	1,006,942	26,855,119
Derivative assets									
Equity and commodity related contracts	420,650	314,551	(117,855)	-	427,949	(605,116)	-	-	440,179
Total Level 3 financial assets	20,829,997	313,757	(102,227)	(55,013)	14,814,077	(605,116)	(7,792,372)	1,007,899	28,411,002
Derivative liabilities									
Equity and commodity related contracts	(420,650)	(331,369)	117,830	-	(427,949)	621,959	-	-	(440,179)
Total Level 3 financial liabilities	(420,650)	(331,369)	117,830	-	(427,949)	621,959	-	-	(440,179)
Total net Level 3 financial assets/(liabilities)	20,409,347	(17,612)	15,603	(55,013)	14,386,128	16,843	(7,792,372)	1,007,899	27,970,823

* 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 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'.

There were no transfers into or out of Level 3 for the Group and the Bank during the financial year ended 31 December 2022.

(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.

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
2022					
Financial assets					
Deposits and placements with financial institutions	–	16,095,978	–	16,095,978	16,095,978
Financial investments at amortised cost	–	70,354,387	34,317	70,388,704	71,756,942
Loans, advances and financing to financial institutions	–	–	1,244,115	1,244,115	1,244,115
Loans, advances and financing to customers	–	219,775,952	358,940,674	578,716,626	544,125,373
Financial liabilities					
Customers' funding:					
– Deposits from customers	–	616,276,220	–	616,276,220	614,895,094
– Investment accounts of customers [^]	–	24,500,998	–	24,500,998	24,500,981
Deposits and placements from financial institutions	–	51,932,569	–	51,932,569	51,893,780
Borrowings	–	27,700,104	7,839,918	35,540,022	31,736,007
Subordinated obligations	–	9,872,697	–	9,872,697	10,238,389
Capital securities	–	2,763,946	–	2,763,946	2,828,817
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

[^] 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
2022					
Financial assets					
Deposits and placements with financial institutions	-	28,358,259	-	28,358,259	28,358,259
Financial investments at amortised cost	-	45,602,452	-	45,602,452	46,234,128
Loans, advances and financing to financial institutions	-	-	30,864,559	30,864,559	30,864,559
Loans, advances and financing to customers	-	114,209,903	95,403,303	209,613,206	187,415,582
Financial liabilities					
Deposits from customers	-	275,245,258	-	275,245,258	274,854,161
Deposits and placements from financial institutions	-	66,867,353	-	66,867,353	66,794,444
Borrowings	-	26,283,273	-	26,283,273	22,486,167
Subordinated obligations	-	9,460,220	-	9,460,220	9,830,233
Capital securities	-	2,763,946	-	2,763,946	2,828,817
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

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 statements 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	
2022						
Financial assets						
Derivative assets	26,902,806	(2,216,051)	24,686,755	(15,941,850)	(1,554,288)	7,190,617
Other assets:						
Amount due from brokers and clients (Note 15)	13,316,851	(10,895,130)	2,421,721	-	-	2,421,721
Financial liabilities						
Derivative liabilities	30,090,376	(2,216,051)	27,874,325	(15,941,850)	(4,100,824)	7,831,651
Other liabilities:						
Amount due to brokers and clients (Note 27)	17,410,958	(10,895,130)	6,515,828	-	-	6,515,828
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
Bank						
2022						
Financial assets						
Derivative assets	26,481,452	(2,187,620)	24,293,832	(15,921,416)	(1,554,288)	6,818,128
Financial liabilities						
Derivative liabilities	29,378,070	(2,187,620)	27,190,450	(15,921,416)	(4,100,824)	7,168,210
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

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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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Approved and contracted for	361,184	180,477	18,719	36,683
Approved but not contracted for	570,092	421,144	130,803	134,670
	931,276	601,621	149,522	171,353

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.

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/or 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; and
- 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 Global Recession & Debt Crisis, Stagflation & Aggressive Interest Rate Hikes, Malaysia’s Sovereign Rating Downgrade & Prolonged COVID-19 Pandemic, US-China trade war, Eurozone financial crisis, tightening of monetary policies, global economic turmoil, impact on liquidity risk due to cyber attack, digital disruption, impact of external geopolitical events on ASEAN and Asia, impact of weakening Malaysian ringgit and higher bond yields, Post-Brexit risk on ASEAN economies, the Perfect Storm: Impact of low oil price, weak currencies and slower Chinese GDP growth on ASEAN economies, Federal Reserve rate hike, idiosyncratic event’s implication to the Group, 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, 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 2022 (2021: 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 2022 (2021: 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 2022 is 9% up to less than 10% (2021: 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 2022 (2021: 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 2022, the Bank has declared a single-tier second interim cash dividend of 30.0 sen per ordinary share subsequent to financial year end.

In arriving at the capital adequacy ratios for the financial year ended 31 December 2022, the second interim dividend has not been deducted from the calculation of CET1 Capital.

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	
	2022	2021	2022	2021
CET1 Capital Ratio	15.669%	16.090%	15.264%	15.462%
Tier 1 Capital Ratio	16.376%	16.810%	16.045%	16.223%
Total Capital Ratio	19.080%	19.518%	18.635%	18.785%

(c) Components of capital:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CET1 Capital				
Share capital	54,619,344	53,156,473	54,619,344	53,156,473
Retained profits ¹	22,007,168	22,116,695	14,937,554	15,237,128
Other reserves ¹	1,349,642	2,375,413	3,018,421	4,144,604
Qualifying non-controlling interests	113,735	114,198	-	-
CET1 Capital before regulatory adjustments	78,089,889	77,762,779	72,575,319	72,538,205
Less: Regulatory adjustments applied on CET1 Capital	(14,065,528)	(12,682,495)	(37,380,391)	(35,974,034)
Deferred tax assets	(2,169,271)	(1,411,183)	(1,099,262)	(468,101)
Goodwill	(5,583,795)	(5,613,782)	(81,015)	(81,015)
Other intangibles	(993,569)	(894,736)	(344,781)	(325,666)
Gain on financial instruments classified as 'fair value through other comprehensive income'	(61,980)	(371,487)	(36,096)	(301,887)
Regulatory reserve	(2,465,059)	(1,315,261)	(1,549,033)	(1,180,201)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ²	(2,791,854)	(3,076,046)	(34,270,204)	(33,617,164)
Total CET1 Capital	64,024,361	65,080,284	35,194,928	36,564,171
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	90,601	113,077	-	-
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	(1,000,000)	(1,000,000)
Total Tier 1 Capital	66,914,962	67,993,361	36,994,928	38,364,171
Tier 2 Capital				
Subordinated obligations	9,700,000	9,700,000	9,700,000	9,700,000
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	35,759	41,180	-	-
General provisions ³	273,100	239,683	36,059	28,571
Surplus of total eligible provision over total expected loss	1,730,272	1,663,655	1,028,820	1,025,761
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(691,000)	(691,000)	(4,791,418)	(4,696,676)
Total Tier 2 Capital	11,048,131	10,953,518	5,973,461	6,057,656
Total Capital	77,963,093	78,946,879	42,968,389	44,421,827

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 and (ii) Maybank International (L) Ltd. of RM10,289,000 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 and Maybank International (L) Ltd. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Standardised Approach exposure	49,320,991	52,579,597	19,526,657	21,873,056
Internal Ratings-Based Approach exposure after scaling factor	288,378,632	277,275,891	171,470,054	170,960,253
Total RWA for credit risk	337,699,623	329,855,488	190,996,711	192,833,309
Total RWA for market risk	23,805,235	30,188,261	17,268,631	22,637,025
Total RWA for operational risk	47,103,833	44,431,300	22,310,241	21,010,913
Total RWA	408,608,691	404,475,049	230,575,583	236,481,247

(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
2022				
CET1 Capital Ratio	14.100%	27.260%	–	14.178%
Tier 1 Capital Ratio	15.171%	27.260%	–	14.178%
Total Capital Ratio	17.844%	29.468%	26.648%	18.327%
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%

(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
2022				
Standardised Approach exposure	2,721,390	694,767	24,715,405	16,574,679
Internal Ratings-Based Approach exposure after scaling factor	89,387,080	–	–	27,184,545
Credit valuation adjustment	–	–	–	642,694
Total RWA for credit risk	92,108,470	694,767	24,715,405	44,401,918
Total RWA for credit risk absorbed by Maybank and Investment Account Holders*	(10,496,635)	–	–	–
Total RWA for market risk	781,233	430,046	643,229	15,237
Total RWA for operational risk	10,996,646	975,803	5,292,870	3,811,544
Total RWA	93,389,714	2,100,616	30,651,504	48,228,699
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

* In accordance to the BNM Investment Account Policy document, 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.

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 2022	Business Segments					Head Office and Others RM'000	Total RM'000
	Group Global Banking						
	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		
Net interest income/(loss) and income from IBS operations:							
– External	7,876,535	4,155,852	371,027	175	1,428,011	2,613	13,834,213
– Inter-segment	–	–	(49,441)	2,778	73,497	(26,834)	–
	7,876,535	4,155,852	321,586	2,953	1,501,508	(24,221)	13,834,213
Net interest income/(loss)	7,876,535	4,155,852	321,586	2,953	1,501,508	(24,221)	13,834,213
Income/(loss) from IBS operations	5,482,735	2,090,691	47,414	–	–	(206,974)	7,413,866
Net earned insurance premiums	–	–	–	–	8,977,582	–	8,977,582
Other operating income/(loss)	3,009,857	2,672,436	824,357	100,440	(1,326,216)	(655,497)	4,625,377
Total operating income/(loss)	16,369,127	8,918,979	1,193,357	103,393	9,152,874	(886,692)	34,851,038
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	–	–	–	–	(7,524,927)	288,956	(7,235,971)
Net operating income/(loss)	16,369,127	8,918,979	1,193,357	103,393	1,627,947	(597,736)	27,615,067
Overhead expenses	(8,524,157)	(2,119,660)	(1,012,585)	(72,984)	(1,077,702)	–	(12,807,088)
Operating profit/(loss) before impairment losses	7,844,970	6,799,319	180,772	30,409	550,245	(597,736)	14,807,979
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(656,521)	(1,525,146)	3,200	102	(10,946)	–	(2,189,311)
Allowances for impairment losses on financial investments, net	(48)	(417,511)	–	–	(105,825)	–	(523,384)
(Allowances for)/writeback of impairment losses on other financial assets, interest in associates and goodwill, net	(57,624)	(16,808)	(1,238)	4	2,798	–	(72,868)
Operating profit/(loss)	7,130,777	4,839,854	182,734	30,515	436,272	(597,736)	12,022,416
Share of (losses)/profits in associates and joint ventures	(24,990)	156,434	(594)	–	–	–	130,850
Profit/(loss) before taxation and zakat	7,105,787	4,996,288	182,140	30,515	436,272	(597,736)	12,153,266
Taxation and zakat							(3,780,264)
Profit after taxation and zakat							8,373,002
Non-controlling interests							(138,053)
Profit for the financial year attributable to equity holders of the Bank							8,234,949
Included in other operating income are:							
Fee income:							
Commission	1,289,273	109,006	68,429	21,846	–	(257,069)	1,231,485
Service charges and fees	905,450	242,806	171,529	120,977	2,163	31,151	1,474,076
Underwriting fees	–	23,211	30,563	–	–	(3,188)	50,586
Brokerage income	962	–	326,845	–	–	–	327,807
Fees on loans, advances and financing	51,536	208,495	2,611	–	–	(4,003)	258,639
Fee income from IBS operations	364,688	102,191	42,539	–	–	3,276	512,694
Included in overhead expenses are:							
Depreciation of property, plant and equipment	(192,993)	(48,505)	(31,427)	(435)	(23,731)	–	(297,091)
Depreciation of right-of-use assets	(335,182)	(90,367)	(59,826)	(3,472)	(22,518)	–	(511,365)
Amortisation of intangible assets	(187,960)	(50,456)	(3,205)	(340)	(28,999)	–	(270,960)

61. SEGMENT INFORMATION (CONT'D.)

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

Group 2021	Business Segments					Head Office and Others RM'000	Total RM'000
	Group Community Financial Services RM'000	Group Global Banking			Group Insurance and Takaful RM'000		
		Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000			
Net interest income/(loss) 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/(loss)	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 (Allowances for)/writeback of impairment losses on financial investments, net	(839,549)	(1,809,672)	(5,514)	(69)	(3,737)	–	(2,658,541)
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 (losses)/profits in associates and joint ventures	(4,095)	187,536	2,742	–	–	–	186,183
Profit/(loss) before taxation and zakat	5,748,728	4,074,783	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.)

(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 2022			
Malaysia	37,563,101	24,823,770	13,980,513
Singapore	10,436,418	4,573,972	1,691,547
Indonesia	3,669,758	2,635,955	730,058
Others	6,249,007	1,508,046	59,556
	57,918,284	33,541,743	16,461,674
Elimination*	(7,004,412)	(5,926,676)	(4,308,408)
Group	50,913,872	27,615,067	12,153,266
31 December 2021			
Malaysia	34,746,623	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)
	53,978,945	31,688,223	15,670,623
Elimination*	(8,019,470)	(6,239,826)	(4,784,028)
Group	45,959,475	25,448,397	10,886,595

* 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	9,449,723	9,310,431	631,631,094	577,263,152
Singapore	1,096,203	1,122,931	261,067,516	243,621,050
Indonesia	179,534	192,254	44,974,754	48,595,373
Others	388,448	400,463	88,067,496	97,530,995
	11,113,908	11,026,079	1,025,740,860	967,010,570
Elimination ³	(59,047)	(67,017)	(88,982,886)	(89,797,239)
Group	11,054,861	10,959,062	936,757,974	877,213,331

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 2023 to 27 February 2023.

The following is the significant event of the Group and of the Bank during the financial year ended 31 December 2022:

(a) Maybank Tenancy at the office tower known as Menara Merdeka 118 located at Presint Merdeka 118, 50118 Kuala Lumpur (“Office Tower”) by Maybank and the leasing of Menara Maybank located at No. 100 Jalan Tun Perak, 50050 Kuala Lumpur (“Menara Maybank”) to Permodalan Nasional Berhad (“PNB”)

Maybank had on 12 September 2022 announced that the Bank entered into the following agreements with PNB:

- (1) Tenancy Agreement dated 12 September 2022 for the tenancy by Maybank of Level 6 and Levels 43 to 74 (inclusive) of the Office Tower; and
- (2) Lease Agreement dated 12 September 2022 for the leasing of Menara Maybank to PNB.

The transactions involve the interest of the related parties and are deemed as related party transactions. The transactions require the approval of Bank Negara Malaysia which has been obtained on 22 April 2022 and are not subject to the approval of the shareholders of Maybank as the highest percentage ratio applicable for the transactions is below the threshold to seek shareholders' approval in a general meeting.

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating revenue	3,954,485	4,626,482	2,073,398	1,679,970	1,774,485	1,377,052	1,312,817	1,904,761	9,115,185	9,588,265
Interest income	641,968	569,689	509,265	467,072	99,352	84,670	328,362	268,722	1,578,947	1,390,153
Interest expense	-	-	-	-	-	-	(77,439)	(14,208)	(77,439)	(14,208)
Net interest income	641,968	569,689	509,265	467,072	99,352	84,670	250,923	254,514	1,501,508	1,375,945
Net earned insurance premiums	4,486,888	4,396,822	1,805,303	1,553,439	1,685,231	1,302,694	1,000,160	1,593,827	8,977,582	8,846,782
Other operating income	(1,140,589)	(305,741)	(229,299)	(323,115)	(6,127)	(4,766)	49,799	71,249	(1,326,216)	(562,373)
Total operating income	3,988,267	4,660,770	2,085,269	1,697,396	1,778,456	1,382,598	1,300,882	1,919,590	9,152,874	9,660,354
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(3,633,227)	(4,429,287)	(2,056,213)	(1,679,479)	(1,776,087)	(1,388,360)	(59,400)	(255,061)	(7,524,927)	(7,752,187)
Net operating income	355,040	231,483	29,056	17,917	2,369	(5,762)	1,241,482	1,664,529	1,627,947	1,908,167
Overhead expenses	(252,517)	(235,772)	(27,978)	(26,284)	(545)	(521)	(760,777)	(736,550)	(1,041,817)	(999,127)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	102,523	(4,289)	1,078	(8,367)	1,824	(6,283)	480,705	927,979	586,130	909,040
(Allowances for)/writeback of impairment losses on financial investments, net	(5,890)	181	(505)	(22)	(3,511)	(923)	(1,040)	(2,973)	(10,946)	(3,737)
(Allowances for)/writeback of impairment losses on other financial assets and goodwill, net	(96,124)	44	-	-	-	-	(9,701)	260	(105,825)	304
	(509)	4,064	(573)	8,389	1,687	7,206	2,193	14,656	2,798	34,315
Profit before taxation and zakat	-	-	-	-	-	-	472,157	939,922	472,157	939,922
Taxation and zakat	-	-	-	-	-	-	(194,303)	(268,356)	(194,303)	(268,356)
Profit for the financial year	-	-	-	-	-	-	277,854	671,566	277,854	671,566

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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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets										
Cash and short-term funds	621,411	720,239	60,620	11,182	9,923	2,098	243,694	285,153	935,648	1,018,672
Deposits and placements with financial institutions	630,108	860,786	1,035,726	1,488,316	613,788	280,550	1,468,200	1,737,626	3,747,822	4,367,278
Financial assets designated upon initial recognition at fair value through profit or loss	6,486,343	6,584,696	5,406,426	5,485,382	18,895	19,603	826,004	1,012,445	12,737,668	13,102,126
Financial investments at fair value through profit or loss	5,543,537	5,947,539	588,051	602,117	74,995	135,020	673,796	546,044	6,880,379	7,230,720
Financial investments at fair value through other comprehensive income	7,892,645	7,098,080	5,230,590	4,557,130	1,902,065	2,093,611	4,908,085	4,723,167	19,933,385	18,471,988
Financial investments at amortised cost	-	-	-	-	-	-	39,624	13,296	39,624	13,296
Loans, advances and financing	272,617	268,698	-	-	-	-	90,741	93,457	363,358	362,155
Derivative assets	236,024	35,094	-	-	-	-	3,708	871	239,732	35,965
Reinsurance/retakaful assets and other insurance receivables	1,647,048	1,531,147	485,222	440,495	438,962	971,460	4,469,778	4,572,762	7,041,010	7,515,864
Other assets	91,825	141,478	5,589	25,505	367	3,640	462,558	670,006	560,339	840,629
Investment properties	814,075	807,730	-	-	-	-	170,265	162,459	984,340	970,189
Statutory deposits with central banks	-	-	-	-	-	-	6,168	5,841	6,168	5,841
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	90,599	94,159	-	-	-	-	65,150	62,855	155,749	157,014
Right-of-use assets	134	124	-	-	-	-	29,783	40,850	29,917	40,974
Intangible assets	54,841	56,141	-	-	-	-	100,069	103,952	154,910	160,093
Deferred tax assets	8,922	2,782	15,378	5,361	26,791	8,292	242,556	77,760	293,647	94,195
Total assets	24,390,129	24,148,693	12,827,602	12,615,488	3,085,786	3,514,274	13,800,331	14,108,696	54,103,848	54,387,151
Liabilities										
Derivative liabilities	20,821	12,312	-	-	-	-	21,288	9,451	42,109	21,763
Insurance/takaful contract liabilities and other insurance payables	21,026,702	21,025,536	12,067,534	12,246,764	2,663,238	2,947,816	6,157,276	5,873,499	41,914,750	42,093,615
Other liabilities*	3,317,111	3,038,195	758,365	347,600	418,408	562,920	(886,518)	(916,048)	3,607,366	3,032,667
Provision for taxation and zakat	(3,538)	15,637	(217)	83	-	-	100,601	29,667	96,846	45,387
Deferred tax liabilities	29,033	57,013	1,920	21,041	4,140	3,538	290,110	311,332	325,203	392,924
Subordinated obligations	-	-	-	-	-	-	312,051	1,009,848	312,051	1,009,848
Total liabilities	24,390,129	24,148,693	12,827,602	12,615,488	3,085,786	3,514,274	5,994,808	6,317,749	46,298,325	46,596,204
Equity attributable to equity holders of the Subsidiaries										
Share capital	-	-	-	-	-	-	660,865	660,865	660,865	660,865
Other reserves	-	-	-	-	-	-	7,144,658	7,130,082	7,144,658	7,130,082
	-	-	-	-	-	-	7,805,523	7,790,947	7,805,523	7,790,947
Total liabilities and shareholders' equity	24,390,129	24,148,693	12,827,602	12,615,488	3,085,786	3,514,274	13,800,331	14,108,696	54,103,848	54,387,151

* Included in other liabilities are the amounts due to/(from) life, general and investment-linked funds which are unsecured, not subject to any interest elements and are repayable on demand.

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”)**(a) Statement of financial position**

Group	Note	2022 RM'000	2021 RM'000
Assets			
Cash and short-term funds	(f)	15,094,889	12,127,687
Deposits and placements with financial institutions	(g)	5,329,880	3,000,157
Financial assets purchased under resale agreements	(h)	2,121,695	10,420,749
Financial investments at fair value through profit or loss	(i)	309,504	784,302
Financial investments at fair value through other comprehensive income	(j)	15,645,983	15,082,779
Financial investments at amortised cost	(k)	27,461,699	22,867,781
Financing and advances	(l)	214,379,623	192,465,717
Derivative assets	(m)	263,763	117,420
Other assets	(n)	5,971,596	5,710,586
Statutory deposits with central banks	(o)	3,505,736	20,447
Property, plant and equipment	(p)	341	546
Right-of-use assets	(q)	7,279	6,126
Deferred tax assets	(r)	288,433	190,616
Total assets		290,380,421	262,794,913
Liabilities			
Customers' funding:			
– Deposits from customers	(s)	209,783,463	179,514,915
– Investment accounts of customers ¹	(t)	25,637,702	28,720,799
Deposits and placements from financial institutions	(u)	23,593,505	24,170,127
Obligations on financial assets sold under repurchase agreements	(h)	461,081	–
Bills and acceptances payable		32,569	19,561
Derivative liabilities	(m)	384,674	177,545
Other liabilities	(v)	3,218,678	2,189,975
Provision for taxation and zakat	(w)	150,781	38,799
Term funding	(x)	9,421,202	10,923,177
Subordinated sukuk	(y)	2,021,893	2,021,814
Capital securities	(z)	1,002,347	1,002,441
Total liabilities		275,707,895	248,779,153
Islamic Banking Capital Funds			
Islamic Banking Funds	(d)	11,034,955	10,327,374
Retained profits	(d)	2,901,255	3,488,469
Other reserves		736,316	199,917
		14,672,526	14,015,760
Total liabilities and Islamic Banking Capital Funds		290,380,421	262,794,913
Restricted investment accounts managed by the Group	(t)	30,552,966	30,147,795
TOTAL ISLAMIC BANKING ASSETS OWNED AND MANAGED BY THE GROUP		320,933,387	292,942,708
Commitments and contingencies	(aj)	80,496,780	83,982,957

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

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

(b) Income statement

Group	Note	2022 RM'000	2021 RM'000
Income derived from investment of depositors' funds	(aa)	9,534,723	8,811,464
Income derived from investment of investment account funds	(ab)	1,092,610	951,680
Income derived from investment of Islamic Banking Funds	(ac)	542,853	557,760
Allowances for impairment losses on financing and advances, net	(ad)	(379,860)	(524,946)
(Allowances for)/writeback of impairment losses on financial investments, net	(ae)	(881)	241,111
Writeback of/(allowances for) impairment losses on other financial assets, net	(af)	6,285	(5,629)
Total distributable income		10,795,730	10,031,440
Profit share income from investment accounts		191,943	85
Profit distributed to depositors	(ag)	(3,526,140)	(3,472,050)
Profit distributed to investment account holders		(353,015)	(289,503)
Total net income		7,108,518	6,269,972
Finance cost		(428,760)	(409,401)
Overhead expenses	(ah)	(2,138,682)	(1,691,269)
Profit before taxation and zakat		4,541,076	4,169,302
Taxation	(ai)	(1,476,501)	(1,011,858)
Zakat		(27,024)	(26,591)
Profit for the financial year		3,037,551	3,130,853

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	2022 RM'000	2021 RM'000
Income derived from investment of depositors' funds	9,534,723	8,811,464
Income derived from investment of investment account funds	1,092,610	951,680
Income derived from investment of Islamic Banking Funds	542,853	557,760
Total income before allowances for impairment losses on financial assets and overhead expenses	11,170,186	10,320,904
Profit share income from investment accounts	191,943	85
Profit distributed to depositors	(3,526,140)	(3,472,050)
Profit distributed to investment account holders	(353,015)	(289,503)
Finance cost	(428,760)	(409,401)
Net of intercompany income and expenses	551,353	1,422,564
Profit share income from investment accounts funded by the Bank	(191,701)	-
Income from Islamic Banking Scheme operations reported in the income statement of the Group	7,413,866	7,572,599

(c) Statement of comprehensive income

Group	2022 RM'000	2021 RM'000
Profit for the financial year	3,037,551	3,130,853
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net loss on foreign exchange translation	(140)	(451)
Net loss on financial investments at fair value through other comprehensive income	(247,101)	(567,768)
- Net loss from change in fair value	(329,549)	(744,977)
- Changes in expected credit losses	3,356	(1,585)
- Income tax effect	79,092	178,794
	(247,241)	(568,219)
Other comprehensive loss for the financial year, net of tax	(247,241)	(568,219)
Total comprehensive income for the financial year	2,790,310	2,562,634

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

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

(d) Statement of changes in Islamic Banking Capital Funds

Group As at 31 December 2022	Non-distributable					Distributable Retained Profits RM'000	Total RM'000
	Islamic Banking Funds RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity Contribution From the Holding Company RM'000		
At 1 January 2022	10,327,374	121,014	77,254	(48)	1,697	3,488,469	14,015,760
Profit for the financial year	-	-	-	-	-	3,037,551	3,037,551
Other comprehensive loss	-	-	(247,101)	(140)	-	-	(247,241)
Net loss on foreign exchange translation	-	-	-	(140)	-	-	(140)
Net loss on financial investments at fair value through other comprehensive income	-	-	(247,101)	-	-	-	(247,101)
Total comprehensive (loss)/income for the financial year	-	-	(247,101)	(140)	-	3,037,551	2,790,310
Transfer to regulatory reserve	-	783,640	-	-	-	(783,640)	-
Issue of ordinary shares	707,581	-	-	-	-	-	707,581
Dividends paid	-	-	-	-	-	(2,841,125)	(2,841,125)
At 31 December 2022	11,034,955	904,654	(169,847)	(188)	1,697	2,901,255	14,672,526

Group As at 31 December 2021	Non-distributable					Distributable Retained Profits RM'000	Total RM'000
	Islamic Banking Funds RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity Contribution From the Holding Company RM'000		
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

* This equity contribution reserve from the holding company is pertaining to waiver of intercompany balances between respective subsidiaries and its holding company.

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

(e) Statement of cash flows

Group	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	4,541,076	4,169,302
Adjustments for:		
Allowances for impairment losses on financing and advances, net	494,976	599,124
Allowances for/(writeback of) impairment losses on financial investments, net	881	(241,111)
(Writeback of)/allowances for impairment losses on other financial assets, net	(6,285)	5,629
Amortisation of premiums, net	79,973	55,478
Modification loss on contractual cash flows arising from financial assets	-	106,838
Unrealised gain on revaluation of derivatives	(1,075)	(1,456)
Unrealised loss/(gain) on revaluation of financial investments at fair value through profit or loss	1,305	(1,417)
Net gain on disposal of financial investments at fair value through profit or loss	(7,459)	(3,896)
Net gain on disposal of financial investments through other comprehensive income	(23,200)	(73,199)
Net gain on redemption of financial investments at amortised cost	-	(889)
(Gain)/loss on foreign exchange transactions	(102,433)	11,245
Depreciation of property, plant and equipment	277	446
Depreciation of right-of-use assets	3,150	2,503
ESGP expenses	2,703	2,903
Finance cost	428,760	409,401
Finance cost on lease liabilities	239	297
Operating profit before working capital changes	5,412,888	5,041,198
Change in deposits and placements with financial institutions	(2,329,723)	(3,000,157)
Change in financial assets purchased under resale agreements	8,305,339	(6,800,767)
Change in financing and advances	(23,533,608)	(14,329,659)
Change in derivative assets and liabilities	61,860	(209,418)
Change in other assets	(436,895)	(2,665,862)
Change in statutory deposits with central banks	(3,485,289)	(7,856)
Change in deposits from customers	30,268,548	14,246,672
Change in deposits and placements from financial institutions	136,712	14,899,990
Change in investment accounts of customers	(3,289,134)	5,515,840
Change in obligations on financial assets sold under repurchase agreements	461,081	-
Change in bills and acceptances payable	13,007	(18,525)
Change in financial investments portfolio	(4,340,464)	(9,705,181)
Change in other liabilities	1,029,149	1,406,236
Cash generated from operations	8,273,471	4,372,511
Taxes and zakat paid	(1,238,822)	(1,067,434)
Net cash generated from operating activities	7,034,649	3,305,077
Cash flows from investing activities		
Purchase of property, plant and equipment	(151)	(15)
Net cash used in investing activities	(151)	(15)
Cash flows from financing activities		
Dividends paid	(2,841,125)	(3,099,671)
Dividends paid for subordinated sukuk	(73,921)	(82,647)
Dividends paid for term funding	(307,329)	(253,354)
Dividends paid for capital securities	(49,500)	(49,500)
Proceeds from issuance of ordinary shares	707,581	2,392,930
Repayment of term funding	(1,500,000)	(2,270)
Repayment of lease liabilities	(3,002)	(2,843)
Net cash used in financing activities	(4,067,296)	(1,097,355)
Net increase in cash and cash equivalents	2,967,202	2,207,707
Cash and cash equivalents at 1 January	12,127,687	9,919,980
Cash and cash equivalents at 31 December	15,094,889	12,127,687
Cash and cash equivalents comprise:		
Cash and short-term funds	15,094,889	12,127,687

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

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)**(f) Cash and short-term funds**

Group	2022 RM'000	2021 RM'000
Cash, bank balances and deposits with financial institutions	2,333	3,962
Money at call	15,092,556	12,123,725
	15,094,889	12,127,687

(g) Deposits and placements with financial institutions

Group	2022 RM'000	2021 RM'000
Licensed banks	4,000,657	3,000,157
Bank Negara Malaysia	1,329,223	-
	5,329,880	3,000,157

(h) 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:

Group	Note	2022 RM'000	2021 RM'000
Malaysian Government Investment Issues		2,122,491	9,662,381
Corporate Bonds and Sukuk		-	765,449
		2,122,491	10,427,830
Allowances for impairment losses	(a)	(796)	(7,081)
		2,121,695	10,420,749

(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 2022

Changes in the financial assets purchased under resale agreements that contributed to changes in the loss allowances during the financial year ended 31 December 2022 was mainly due to the following:

- The decrease in the gross carrying amount for financial assets purchased under resale agreements due to financial assets derecognised during the year which correspondingly decrease the ECL allowances.

Group	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
At 1 January 2022	7,081	-	-	7,081
New financial assets originated or purchased	796	-	-	796
Financial assets derecognised	(7,081)	-	-	(7,081)
At 31 December 2022	796	-	-	796

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

(h) 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

Changes in the financial assets purchased under resale agreements 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 RM'000
	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

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

Group	Note	2022 RM'000	2021 RM'000
Financial investments at fair value through other comprehensive income	(j)	461,081	–

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

Group	2022 RM'000	2021 RM'000
At fair value		
Money market instruments:		
Malaysian Government Treasury Bills	–	659,118
Unquoted securities:		
Outside Malaysia:		
Corporate Sukuk	309,504	125,184
Total financial investments at FVTPL	309,504	784,302

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

Group	Note	2022 RM'000	2021 RM'000
At fair value			
Money market instruments:			
Malaysian Government Investment Issues	(i)	12,457,878	10,848,583
Khazanah Sukuk		–	29,614
		12,457,878	10,878,197
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(ii)	3,186,855	3,274,997
Equity		1,250	1,250
		3,188,105	3,276,247
Outside Malaysia:			
Corporate Sukuk		–	928,335
Total financial investments at FVOCI		15,645,983	15,082,779

Notes to the Financial Statements

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

(j) Financial investments at fair value through other comprehensive income (cont’d.)

- (i) Effective from 31 December 2022, holdings of Malaysian Government Investment Issues were no longer recognised as part of Statutory Reserve Account (“SRA”) balance. The amount recognised in the previous financial year ended 31 December 2021 was RM10.0 million for the Group.
- (ii) As at 31 December 2022, the Corporate Sukuk funded by RPSIA amounting to RM537.8 million (2021: RM343.8 million) was recorded off-balance sheet under the operations of IBS.
- (iii) The maturity profile of money market instruments are as follows:

Group	2022 RM’000	2021 RM’000
Within one year	3,220,412	584,570
One year to three years	512,126	3,880,036
Three years to five years	1,223,262	1,501,305
After five years	7,502,078	4,912,286
	12,457,878	10,878,197

- (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 2022

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 2022 were mainly due to the following:

- The overall increase in the gross carrying amount of financial investments at fair value through other comprehensive income was mainly contributed by Government Investment Issues which did not attract loss allowances; and
- The decrease in the gross carrying amount of Islamic Corporate Sukuk due to financial assets derecognised during the financial year which correspondingly decrease the ECL allowances.

Group	Stage 1	Stage 2	Stage 3	Total RM’000
	12-month ECL RM’000	Lifetime ECL not credit impaired RM’000	Lifetime ECL credit impaired RM’000	
At 1 January 2022	3,632	-	-	3,632
Transferred to Stage 2	(579)	579	-	-
Net remeasurement of allowances	(337)	835	-	498
New financial assets originated or purchased	22	-	-	22
Financial assets derecognised	(2,400)	-	-	(2,400)
Exchange differences	269	-	-	269
At 31 December 2022	607	1,414	-	2,021

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; and
- 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.

Notes to the Financial Statements

31 December 2022

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 (cont'd.):

As at 31 December 2021 (cont'd.)

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

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

Group	2022 RM'000	2021 RM'000
Malaysian Government Investment Issues	461,081	-

(k) Financial investments at amortised cost

Group	Note	2022 RM'000	2021 RM'000
At amortised cost			
Money market instruments:			
Malaysian Government Investment Issues	(i)	15,437,414	11,246,266
Khazanah Sukuk		545,883	826,400
Cagamas Sukuk		125,468	-
		16,108,765	12,072,666
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(ii)	11,384,050	10,823,470
Allowances for impairment losses	(iv)	(31,116)	(28,355)
Total financial investments at amortised cost		27,461,699	22,867,781

- (i) Effective from 31 December 2022, holdings of Malaysian Government Investment Issues were no longer recognised as part of SRA balance. The amount recognised in the previous financial year ended 31 December 2021 was RM2,840.0 million for the Group.
- (ii) As at 31 December 2022, the Corporate Sukuk funded by RPSIA amounting to RM4,164.2 million (2021: RM4,984.0 million) was recorded off-balance sheet under the operations of IBS.

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31 December 2022

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)**(k) Financial investments at amortised cost (cont’d.)**

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

Group	2022 RM'000	2021 RM'000
Within one year	611,866	582,677
One year to three years	648,051	1,123,916
Three years to five years	19,584	-
After five years	14,829,264	10,366,073
	16,108,765	12,072,666

(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 2022

Changes in the financial investments at amortised cost that contributed to the changes in the loss allowances during the financial year ended 31 December 2022 were mainly due to the following:

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

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2022	28,355	-	-	28,355
Transferred to Stage 2	(386)	386	-	-
Net remeasurement of allowances	2,786	464	-	3,250
New financial assets originated or purchased	1,005	-	-	1,005
Financial assets derecognised	(1,470)	-	-	(1,470)
Changes in models/risk parameters	(24)	-	-	(24)
At 31 December 2022	30,266	850	-	31,116

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; and
- 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.

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

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

(I) Financing and advances

Group	2022 RM'000	2021 RM'000
Financing and advances*:		
(A) Financing and advances at fair value through other comprehensive income	3,141,460	2,175,615
(B) Financing and advances at amortised cost	280,573,323	262,214,501
	283,714,783	264,390,116
Unearned income	(66,345,579)	(68,980,345)
Gross financing and advances	217,369,204	195,409,771
Allowances for financing and advances:		
– Stage 1 – 12-month ECL	(442,735)	(556,209)
– Stage 2 – Lifetime ECL not credit impaired	(1,309,534)	(1,678,410)
– Stage 3 – Lifetime ECL credit impaired	(1,237,312)	(709,435)
Net financing and advances	214,379,623	192,465,717

* As at 31 December 2022, the financing and advances funded by RPSIA amounting to RM25,882.8 million (2021: RM25,033.6 million) was recorded off-balance sheet under the operations of IBS.

The gross exposure of the financing funded by Investment Accounts of Customers (“IA”) as at 31 December 2022 was RM25,637.7 million (2021: RM28,720.8 million).

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
2022							
Cashline	–	6,837,168	–	–	–	–	6,837,168
Term financing:							
– Housing financing	11,752,044	87,570,087	1,552,014	–	–	599	100,874,744
– Syndicated financing	–	7,229,950	–	–	–	–	7,229,950
– Hire purchase receivables	–	13,349,586	–	41,455,457	–	–	54,805,043
– Lease receivables	–	–	–	–	1,735,870	–	1,735,870
– Other term financing	6,507,592	87,128,112	483,889	–	–	150,491	94,270,084
Trust receipts	–	175,810	–	–	–	–	175,810
Claims on customers under acceptance credits	–	6,024,358	–	–	–	–	6,024,358
Staff financing	282,744	2,548,232	6,488	137,263	–	43,715	3,018,442
Credit card receivables	–	–	–	–	–	1,779,342	1,779,342
Revolving credit	–	6,909,108	–	–	–	–	6,909,108
Share margin financing	–	49,724	–	–	–	–	49,724
Financing to:							
– Directors of the Bank	–	3,293	–	–	–	38	3,331
– Directors of subsidiaries	–	1,638	–	137	–	34	1,809
	18,542,380	217,827,066	2,042,391	41,592,857	1,735,870	1,974,219	283,714,783
Unearned income							(66,345,579)
Gross financing and advances ⁴							217,369,204
Allowances for financing and advances:							
– Stage 1 – 12-month ECL							(442,735)
– Stage 2 – Lifetime ECL not credit impaired							(1,309,534)
– Stage 3 – Lifetime ECL credit impaired							(1,237,312)
Net financing and advances							214,379,623

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.

Notes to the Financial Statements

31 December 2022

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

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.

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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	2022 RM'000	2021 RM'000
Domestic non-banking institutions	5,070,402	4,102,492
Domestic business enterprises:		
– Small and medium enterprises	36,949,925	30,636,404
– Others	19,948,088	19,993,497
Government and statutory bodies	3,024,602	2,315,399
Individuals	150,215,905	136,439,893
Other domestic entities	112,416	75,855
Foreign entities	2,047,866	1,846,231
Gross financing and advances	217,369,204	195,409,771

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

Group	2022 RM'000	2021 RM'000
Fixed rate:		
– House financing	1,678,831	1,618,632
– Hire purchase receivables	37,177,565	32,783,987
– Other financing	16,285,363	13,899,657
	55,141,759	48,302,276
Floating rate:		
– House financing	66,675,784	59,652,877
– Other financing	95,551,661	87,454,618
	162,227,445	147,107,495
Gross financing and advances	217,369,204	195,409,771

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

Group	2022 RM'000	2021 RM'000
Purchase of securities	26,491,247	25,278,402
Purchase of transport vehicles	49,567,413	43,898,276
Purchase of landed properties:		
– Residential	69,603,629	61,572,937
– Non-residential	18,016,280	16,204,503
Purchase of fixed assets (exclude landed properties)	267,159	177,947
Personal use	3,198,911	3,252,580
Purchase of consumer durables	475	520
Constructions	2,379,126	2,037,500
Mergers and acquisitions	460,000	500,000
Working capital	45,556,016	41,086,366
Credit cards	1,828,948	1,400,740
Gross financing and advances	217,369,204	195,409,771

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	2022 RM’000	2021 RM’000
Within one year	24,619,767	23,468,423
One year to three years	7,994,328	7,961,295
Three years to five years	19,579,563	16,372,043
After five years	165,175,546	147,608,010
Gross financing and advances	217,369,204	195,409,771

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

Group	2022 RM’000	2021 RM’000
At 1 January	1,492,756	2,452,406
Newly impaired	1,237,425	238,626
Reclassified as non-impaired	(65,139)	(36,215)
Amount recovered	(223,830)	(339,776)
Amount written off	(380,132)	(233,810)
Amount related to Restricted Investment Account	–	(588,475)
Gross impaired financing at 31 December	2,061,080	1,492,756
Less: Stage 3 – Lifetime ECL credit impaired	(1,237,312)	(709,435)
Net impaired financing at 31 December	823,768	783,321
<u>Calculation of ratio of net impaired financing (excluding financing funded by IA):</u>		
Gross impaired financing at 31 December	2,001,463	1,429,024
Less: Stage 3 – Lifetime ECL credit impaired	(1,237,312)	(709,435)
Net impaired financing at 31 December	764,151	719,589
Gross financing and advances	191,731,502	166,688,972
Less: Allowances for impaired financing and advances at amortised cost and FVOCI	(2,996,850)	(2,946,356)
Net financing and advances	188,734,652	163,742,616
Net impaired financing as a percentage of net financing and advances	0.40%	0.44%

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

Group	2022 RM’000	2021 RM’000
Purchase of securities	7,462	11,569
Purchase of transport vehicles	129,899	126,187
Purchase of landed properties:		
– Residential	256,992	291,858
– Non-residential	187,865	146,632
Purchase of fixed assets (exclude landed properties)	2,720	920
Personal use	32,286	39,409
Purchase of consumer durables	2	2
Constructions	204,506	25,099
Working capital	1,228,537	844,904
Credit cards	10,811	6,176
Impaired financing and advances	2,061,080	1,492,756

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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:

As at 31 December 2022

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 2022 were mainly due to the following:

- Gross carrying amount grew significantly from hire purchase receivables and house financing by 14% and 5% respectively;
- The ECL for Stage 1 (12-month ECL) and Stage 2 (lifetime ECL not credit impaired) decreased primarily due to the improvement in macro-economic outlook and repayment behavioural trend along with movement of accounts from Stage 2 to Stage 3 due to newly impaired accounts under high risk industry which led to an increase in ECL for Stage 3 (lifetime ECL credit impaired); and
- The gross carrying amount of financing and advances that was written off during the year, which is still subject to recovery activity was RM380.1 million (2021: RM233.8 million). This has resulted in the reduction of Stage 3 lifetime ECL credit impaired by the same amount.

At fair value through other comprehensive income

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2022	2,302	–	–	2,302
Net remeasurement of allowances	2,885	–	–	2,885
New financial assets originated or purchased	2,550	–	–	2,550
Financial assets derecognised	(494)	–	–	(494)
Exchange differences	26	–	–	26
At 31 December 2022	7,269	–	–	7,269

At amortised cost

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2022	556,209	1,678,410	709,435	2,944,054
Transferred to Stage 1	167,116	(162,063)	(5,053)	–
Transferred to Stage 2	(32,756)	47,143	(14,387)	–
Transferred to Stage 3	(8,797)	(250,227)	259,024	–
Net remeasurement of allowances	(342,559)	1,080	684,326	342,847
New financial assets originated or purchased	140,955	64,426	–	205,381
Financial assets derecognised	(56,107)	(69,495)	(22,596)	(148,198)
Changes in models/risk parameters	(1,738)	(210)	(9,655)	(11,603)
Amount written off	–	–	(380,132)	(380,132)
Exchange differences	20,412	470	16,350	37,232
At 31 December 2022	442,735	1,309,534	1,237,312	2,989,581

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 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; and
- 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.

At fair value through other comprehensive income

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 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 RM'000
	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.)

(m) Derivative financial instruments and hedge accounting

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	2022			2021		
	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	7,169,578	16,622	(220,596)	8,617,698	26,173	(35,464)
- One year to three years	735,487	1,847	(1,847)	574,349	2,475	(2,475)
- More than three years	2,396,107	31,628	(31,628)	2,704,174	6,242	(6,242)
Currency swaps:						
- Less than one year	9,208,639	185,047	(83,280)	15,398,762	19,239	(65,804)
Currency spots:						
- Less than one year	193,731	4,446	(257)	400,910	65	(1,283)
Currency options:						
- Less than one year	4,348	10	(10)	7,157	38	(38)
Cross currency profit rate swaps:						
- Less than one year	5,064	225	(225)	2,114,560	7,548	(7,548)
- One year to three years	7,225	283	(283)	24,137	112	(112)
- More than three years	416,486	2,790	(2,790)	405,012	7,759	(7,759)
	20,136,665	242,898	(340,916)	30,246,759	69,651	(126,725)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- Less than one year	3,012,000	18,501	(18,501)	490,000	4,185	(4,185)
- One year to three years	65,437	494	(494)	4,622,648	37,370	(36,085)
- More than three years	220,000	1,870	(1,780)	392,321	6,214	(10,550)
	3,297,437	20,865	(20,775)	5,504,969	47,769	(50,820)
	23,434,102	263,763	(361,691)	35,751,728	117,420	(177,545)
Hedging derivatives						
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- More than three years	1,635,000	-	(22,983)	-	-	-
Total	25,069,102	263,763	(384,674)	35,751,728	117,420	(177,545)

Fair value hedge

Included within hedging derivatives are derivatives where the Group have used to apply hedge accounting.

Fair value hedge is used by the Group to minimise volatility in the fair value of financial assets and financial liabilities due to movements in profit rates. The financial instruments hedged for profit rate risk include the Group's financial investments.

For the financial year ended 31 December 2022, the Group recognised the following net (loss)/gain:

Group	2022 RM'000
Loss on the hedging instruments	(21,838)
Gain on the hedged items attributable to the hedged risk	20,474

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

Group	2022 RM'000	2021 RM'000
Amount due from holding company	4,194,459	4,037,035
Prepayment and deposits	15,006	16,079
Tax recoverable	–	171,447
Other debtors	1,762,131	1,486,025
	5,971,596	5,710,586

(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.

(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 2022				
Cost				
At 1 January 2022	1,099	152	402	1,653
Additions	–	151	–	151
Exchange differences	(62)	(8)	(22)	(92)
At 31 December 2022	1,037	295	380	1,712
Accumulated depreciation				
At 1 January 2022	846	66	195	1,107
Depreciation charge for the financial year (Note 64(ah))	182	28	67	277
Exchange differences	(11)	–	(2)	(13)
At 31 December 2022	1,017	94	260	1,371
Net carrying amount				
At 31 December 2022	20	201	120	341
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

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

(q) Right-of-use assets

Group	Premises	
	2022 RM'000	2021 RM'000
Cost		
At 1 January	13,350	15,148
Additions	4,603	-
Termination	(3,313)	-
Modification	(396)	(1,793)
Exchange differences	(2)	(5)
At 31 December	14,242	13,350
Accumulated depreciation		
At 1 January	7,224	5,247
Depreciation charge for the financial year (Note 64(ah))	3,150	2,503
Termination	(3,313)	-
Modification	(99)	(527)
Exchange differences	1	1
At 31 December	6,963	7,224
Net carrying amount		
At 31 December	7,279	6,126

(r) Deferred tax

Group	2022 RM'000	2021 RM'000
At 1 January	(190,616)	449,812
Recognised in income statement (Note 64(ai))	(18,725)	(461,634)
Relating to origination and reversal of temporary differences	(18,725)	(35,221)
Over provision in prior year	-	(428,546)
Effects of increase in income tax rate	-	2,133
Recognised in statement of comprehensive income	(79,092)	(178,794)
At 31 December	(288,433)	(190,616)

Presented after appropriate offsetting as follows:

Group	2022 RM'000	2021 RM'000
Deferred tax assets	(288,465)	(213,155)
Deferred tax liabilities	32	22,539
At 31 December	(288,433)	(190,616)

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.

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)**(r) Deferred tax (cont’d.)**

The component and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

Group	Impairment losses on financing, financial investments and other financial assets RM'000	FVOCI reserve RM'000	Other temporary differences RM'000	Total RM'000
As at 31 December 2022				
At 1 January 2022	(205,475)	–	(7,680)	(213,155)
Recognised in income statement:				
Relating to origination and reversal of temporary differences	(1,897)	–	(16,846)	(18,743)
Recognised in statement of other comprehensive income	–	(56,567)	–	(56,567)
At 31 December 2022	(207,372)	(56,567)	(24,526)	(288,465)
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)

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 2022					
At 1 January 2022	22,525	14	–	–	22,539
Recognised in income statement:					
Relating to origination and reversal of temporary differences	–	18	–	–	18
Recognised in statement of comprehensive income	(22,525)	–	–	–	(22,525)
At 31 December 2022	–	32	–	–	32
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 other comprehensive income	(178,794)	–	–	–	(178,794)
At 31 December 2021	22,525	14	–	–	22,539

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

(r) Deferred tax (cont'd.)

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

	2022 RM'000	2021 RM'000
Unutilised tax losses	97,646	177,258

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.

(s) Deposits from customers

Group	2022 RM'000	2021 RM'000
Savings deposits		
Murabahah	27,711,469	26,302,000
Qard	601,896	3,496,477
	28,313,365	29,798,477
Demand deposits		
Murabahah	37,422,903	32,042,236
Qard	1,381,375	1,362,014
	38,804,278	33,404,250
Term deposits		
Murabahah	142,073,732	115,751,729
Qard	592,088	560,459
	142,665,820	116,312,188
Total deposits from customers	209,783,463	179,514,915

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

Group	2022 RM'000	2021 RM'000
Within six months	131,862,405	98,667,962
Six months to one year	10,616,600	17,388,379
One year to three years	166,746	227,460
Three years to five years	20,069	28,387
	142,665,820	116,312,188

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

Group	2022 RM'000	2021 RM'000
Business enterprises	76,896,558	54,833,256
Individuals	59,602,414	51,692,158
Government and statutory bodies	38,164,258	36,389,382
Others	35,120,233	36,600,119
	209,783,463	179,514,915

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)**(t) Investment accounts**

Group	2022 RM'000	2021 RM'000
Investment accounts of customers		
– Unrestricted investment accounts ¹	25,637,702	28,720,799
Restricted investment accounts managed by the Group ²	30,552,966	30,147,795

The unrestricted investment accounts (net of intercompany balances) was RM24,501.0 million (2021: RM28,720.8 million) as reported on the Group’s statements of financial position.

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

Group	Unrestricted investment accounts ¹ RM'000	Restricted investment accounts managed by the Group ² RM'000
2022		
<u>Funding inflows/(outflows)</u>		
At 1 January 2022	28,720,799	30,147,795
New placements during the financial year	49,620,821	10,069,529
Redemptions during the financial year	(52,706,322)	(10,743,567)
Changes in profit payable	2,404	1,079,209
At 31 December 2022	25,637,702	30,552,966
2021		
<u>Funding inflows/(outflows)</u>		
At 1 January 2021	23,840,796	–
New placements during the financial year	42,089,839	610,725
Redemptions during the financial year	(37,209,403)	–
Changes in profit payable	(433)	25,112
Transfer from on-balance sheet (Note 64(u))	–	29,511,958
At 31 December 2021	28,720,799	30,147,795

(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
2022		
Business enterprises	13,389,602	–
Individuals	10,342,032	–
Government and statutory bodies	246,938	–
Licensed banks	–	30,123,166
Others	1,659,130	429,800
	25,637,702	30,552,966
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

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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
2022		
– Without maturity	21,160,119	–
– With maturity		
Within six months	3,055,394	10,280,098
Six months to one year	1,403,496	30,109
One year to three years	13,924	3,995,512
Three years to five years	4,769	16,247,247
	4,477,583	30,552,966
	25,637,702	30,552,966
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

(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
2022		
Retail financing	23,987,702	–
Non-retail financing	1,650,000	25,955,010
Corporate Sukuk	–	4,597,956
	25,637,702	30,552,966
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

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 %
2022		
Investment accounts of customers		
– Unrestricted investment accounts ¹	32.04	2.58
Restricted investment accounts managed by the Group ²	76.29	4.60
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

¹ The total funds invested in Multi-Asset Investment Account-i (“MAIA”) product was RM122.7 million (2021: RM515.4 million) of which RM59.6 million (2021: RM254.1 million) are the funds managed by the Group and are recorded as on balance sheet. The remaining of the funds are invested in marketable securities with net asset value of RM63.1 million (2021: RM261.3 million) 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 RM30,123.2 million and RM429.8 million (2021: 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.

(u) Deposits and placements from financial institutions

Group	2022 RM’000	2021 RM’000
Non-Mudharabah Fund		
Licensed banks	22,046,315	21,378,327
Licensed Islamic banks	99,226	948,712
Licensed investment banks	300,735	250,764
Other financial institutions	1,147,229	1,592,324
	23,593,505	24,170,127

(v) Other liabilities

Group	Note	2022 RM’000	2021 RM’000
Due to holding company		561,210	671,832
Other creditors, provisions and accruals		2,498,461	1,457,874
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	137,937	50,720
Lease liabilities	(ii)	6,622	5,957
Structured deposits		14,448	3,592
		3,218,678	2,189,975

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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 RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2022				
At 1 January 2022	31,665	17,433	1,622	50,720
Transferred to Stage 1	1,450	(1,447)	(3)	-
Transferred to Stage 2	(547)	547	-	-
Transferred to Stage 3	(2)	(6,652)	6,654	-
Net remeasurement of allowances	(77)	234	86,120	86,277
New credit exposures originated or purchased	25,654	12,435	-	38,089
Credit exposures derecognised	(25,235)	(11,004)	(1,249)	(37,488)
Changes in models/risk parameters	(2)	-	-	(2)
Exchange differences	335	6	-	341
At 31 December 2022	33,241	11,552	93,144	137,937
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

(ii) The movements in lease liabilities are as follows:

Group	2022 RM'000	2021 RM'000
At 1 January	5,957	9,896
New lease contracts	3,336	-
Finance cost on lease liabilities	239	297
Lease obligation reduction	(3,002)	(2,843)
Modification	91	(1,394)
Exchange differences	1	1
At 31 December	6,622	5,957

(w) Provision for taxation and zakat

Group	2022 RM'000	2021 RM'000
Taxation	117,819	10,197
Zakat	32,962	28,602
	150,781	38,799

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

Group	2022 RM'000	2021 RM'000
Unsecured term funding:		
(i) Commercial Papers		
– Less than one year	6,413,953	7,947,135
(ii) Medium Term Notes		
– Less than one year	–	2,002,762
– More than one year	2,003,796	–
(iii) Term funding		
– More than one year ¹	1,003,453	973,280
Total term funding	9,421,202	10,923,177

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 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 2022:

Issuance/redemption of medium term notes (“MTN”) by Maybank Islamic Berhad

Issuance/redemption	Currency	Description	Aggregated Nominal Value (RM' million)
Issuance	RM	Fixed rate notes ²	2,000.0
Redemption	RM	Fixed rate notes ²	2,000.0

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 2022 are as follows:

Currency	Description	Aggregated Nominal Value (RM' million)
RM	Zero Profit ICP ²	6,500.0

² These MTN/ICP are fully subscribed by the Bank.

(y) Subordinated sukuk

Group	Note	2022 RM'000	2021 RM'000
RM1,000 million Islamic subordinated Sukuk Murabahah due in 2029	(i)	1,010,849	1,010,849
RM1,000 million Islamic subordinated Sukuk Murabahah due in 2031	(ii)	1,011,044	1,010,965
		2,021,893	2,021,814

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 (RM' million)
Maybank Islamic Berhad						
RM10.0 billion Subordinated Sukuk Murabahah Programme						
(i)	Subordinated Sukuk Murabahah ^{1,2}	5-Apr-19	5-Apr-24	5-Apr-29	4.50	1,000.0
(ii)	Subordinated Sukuk Murabahah ^{1,2}	15-Feb-21	16-Feb-26	14-Feb-31	2.90	1,000.0

¹ 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.

² These subordinated sukuk are fully subscribed by the Bank.

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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	2022 RM'000	2021 RM'000
Maybank Islamic Berhad					
RM10.0 billion Additional Tier 1 Sukuk Wakalah Programme					
RM1,000.0 million 4.76% Additional Tier 1 Sukuk Wakalah ^{1,3}	14-Dec-22	14-Dec-27	Perpetual	1,002,347	–
RM1,000.0 million 4.95% Additional Tier 1 Sukuk Wakalah ^{2,3}	14-Dec-17	14-Dec-22	Perpetual	–	1,002,441

¹ The subsidiary, may redeem this capital securities, in whole or in part, on the first call date and on every periodic distribution date thereafter.

² This capital securities was fully redeemed on the first call date.

³ These capital securities are fully subscribed by the Bank.

(aa) Income derived from investment of depositors' funds

Group	2022 RM'000	2021 RM'000
Income from investment of:		
(i) General investment deposits	6,484,204	5,708,917
(ii) Other deposits	3,050,519	3,102,547
	9,534,723	8,811,464

(i) Income derived from investment of general investment deposits:

Group	2022 RM'000	2021 RM'000
Finance income and hibah:		
Financing and advances (Note 64(ac)(i))	4,816,156	4,261,360
Financial assets purchased under resale agreements	87,640	53,361
Financial investments at FVOCI	404,981	388,357
Financial investments at amortised cost	674,970	552,221
Financial investments at FVTPL	2,660	3,166
Money at call and deposits and placements with financial institutions	158,993	162,844
	6,145,400	5,421,309
Amortisation of premiums, net	(51,670)	(33,991)
Total finance income and hibah	6,093,730	5,387,318
Other operating income:		
Fee income	303,988	278,693
Gain on disposal of financial investments at FVTPL	3,027	1,727
Gain on disposal of financial investments at FVOCI	14,989	44,849
Gain on redemption of financial investments at amortised cost	–	296
Unrealised (loss)/gain on revaluation of:		
– Financial investments at FVTPL	(843)	868
– Derivatives	694	892
Foreign exchange gain/(loss), net	66,143	(6,852)
Net profit on derivatives	716	508
Others	1,760	618
Total other operating income	390,474	321,599
	6,484,204	5,708,917

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	2022 RM’000	2021 RM’000
Finance income and hibah:		
Financing and advances (Note 64(ac)(i))	2,265,778	2,315,575
Financial assets purchased under resale agreements	41,231	28,996
Financial investments at FVOCI	190,525	211,029
Financial investments at amortised cost	317,542	300,071
Financial investments at FVTPL	1,251	1,720
Money at call and deposits and placements with financial institutions	74,799	88,487
	2,891,126	2,945,878
Amortisation of premiums, net	(24,308)	(18,470)
Total finance income and hibah	2,866,818	2,927,408
Other operating income:		
Fee income	143,012	151,439
Gain on disposal of financial investments at FVTPL	1,424	939
Gain on disposal of financial investments at FVOCI	7,052	24,370
Gain on redemption of financial investments at amortised cost	–	545
Unrealised (loss)/gain on revaluation of:		
– Financial investments at FVTPL	(397)	472
– Derivatives	327	485
Foreign exchange gain/(loss), net	31,117	(3,723)
Net profit on derivatives	337	276
Others	829	336
Total other operating income	183,701	175,139
Total	3,050,519	3,102,547

(ab) Income derived from investment of investment account funds

Group	2022 RM’000	2021 RM’000
Finance income and hibah:		
Financing and advances (Note 64(ac)(i))	1,088,386	951,347
Other operating income:		
Fee income	4,224	333
Total	1,092,610	951,680

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

(ac) Income derived from investment of Islamic Banking Funds

Group	2022 RM'000	2021 RM'000
Finance income and hibah:		
Financing and advances (Note (i))	373,090	378,996
Financial assets purchased under resale agreements	6,776	4,736
Financial investments at FVOCI	31,310	34,466
Financial investments at amortised cost	52,184	49,008
Financial investments at FVTPL	206	281
Money at call and deposits and placements with financial institutions	12,292	14,452
	475,858	481,939
Amortisation of premiums, net	(3,995)	(3,017)
Total finance income and hibah	471,863	478,922
Other operating income:		
Fee income	61,470	73,994
Gain on disposal of financial investments at FVTPL	3,008	1,230
Gain on disposal of financial investments at FVOCI	1,159	3,980
Gain on redemption of financial investments at amortised cost	-	48
Unrealised (loss)/gain on revaluation of:		
– Financial investments at FVTPL	(65)	77
– Derivatives	54	79
Foreign exchange gain/(loss), net	5,173	(670)
Net profit on derivatives	55	45
Others	136	55
Total other operating income	70,990	78,838
Total	542,853	557,760

- (i) There was no significant impact to income derived from investment of depositors' funds/investment account funds/Islamic Banking Funds for the Group arising from government support measures to assist customers adversely impacted by COVID-19 in order to sustain their business operations for the financial year ended 31 December 2022. The net effects for the previous financial year ended 31 December 2021 was RM106,838,000 for the Group.

(ad) Allowances for impairment losses on financing and advances, net

Group	2022 RM'000	2021 RM'000
Stage 1 – 12-month ECL, net	(254,168)	(210,658)
Stage 2 – Lifetime ECL not credit impaired, net	(2,534)	701,788
Stage 3 – Lifetime ECL credit impaired, net	736,946	94,846
Bad debts and financing:		
– Written off	14,560	12,458
– Recovered	(115,116)	(74,178)
Allowances for impairment losses on other debts	172	690
	379,860	524,946

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)**(ae) Allowances for/(writeback of) impairment losses on financial investments, net**

Group	2022 RM'000	2021 RM'000
Financial investments at fair value through other comprehensive income		
Stage 1 – 12-month ECL, net	(2,715)	191
Stage 2 – Lifetime ECL not credit impaired, net	835	–
	(1,880)	191
Financial investments at amortised cost		
Stage 1 – 12-month ECL, net	2,297	(10,383)
Stage 2 – Lifetime ECL not credit impaired, net	464	(230,919)
	2,761	(241,302)
	881	(241,111)

(af) (Writeback of)/allowances for impairment losses on other financial assets, net

Group	2022 RM'000	2021 RM'000
Financial assets purchased under resale agreements		
Stage 1 – 12-month ECL, net	(6,285)	5,629

(ag) Profit distributed to depositors

Group	2022 RM'000	2021 RM'000
Deposits from customers:		
– Non-Mudharabah Fund	3,048,371	2,265,905
Deposits and placements from financial institutions:		
– Mudharabah Fund	–	937,947
– Non-Mudharabah Fund	477,181	268,123
Structured deposits	588	75
	3,526,140	3,472,050

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

(ah) Overhead expenses

Group	2022 RM'000	2021 RM'000
Personnel expenses:		
– Salaries, allowances and bonuses	51,529	41,838
– Social security cost	208	174
– Retirement cost	7,807	6,325
– ESGP expenses	2,703	2,903
– Other staff related expenses	5,987	4,191
	68,234	55,431
Establishment costs:		
– Depreciation of property, plant and equipment (Note 64(p))	277	446
– Depreciation of right-of-use assets (Note 64(q))	3,150	2,503
– Information technology expenses	4,374	4,033
– Finance cost on lease liabilities	239	297
– Others	66	133
	8,106	7,412
Marketing expenses:		
– Advertisement and publicity	10,110	10,125
– Others	681	235
	10,791	10,360
Administration and general expenses:		
– Fees and brokerage	81,774	79,349
– Administrative expenses	12,079	8,499
– General expenses	33,308	(32,521)
	127,161	55,327
Shared service cost paid/payable to Maybank and related company	1,924,390	1,562,739
Total	2,138,682	1,691,269
Included in overhead expenses are:		
Shariah Committee members' fee and remuneration	1,171	1,028

(ai) Taxation

Group	2022 RM'000	2021 RM'000
Tax expense for the financial year:		
Malaysian income tax	1,497,465	1,044,305
(Over)/under provision in respect of prior year:		
Malaysian income tax	(2,239)	429,187
	1,495,226	1,473,492
Deferred tax (Note 64(r)):		
Relating to origination and reversal of temporary differences	(18,725)	(35,221)
Over provision in prior year	–	(428,546)
Effects of increase in income tax rate	–	2,133
	(18,725)	(461,634)
	1,476,501	1,011,858

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	2022			2021		
	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	3,051,481	2,801,221	1,964,993	2,845,299	2,236,690	1,589,255
Certain transaction-related contingent items	3,626,371	1,773,332	1,077,872	3,316,724	1,623,110	1,120,828
Short-term self-liquidating trade-related contingencies	460,706	94,078	28,023	500,796	102,269	39,713
	7,138,558	4,668,631	3,070,888	6,662,819	3,962,069	2,749,796
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	35,592,554	1,819,903	356,347	31,073,338	1,493,386	262,960
– Maturity exceeding one year	11,097,267	21,934,391	7,719,692	10,411,607	20,641,624	8,367,924
	46,689,821	23,754,294	8,076,039	41,484,945	22,135,010	8,630,884
Miscellaneous commitments and contingencies	1,599,299	42,903	–	83,465	–	–
Total credit-related commitments and contingencies	55,427,678	28,465,828	11,146,927	48,231,229	26,097,079	11,380,680
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	16,581,360	258,326	70,977	26,539,087	173,490	54,161
– One year to less than five years	3,013,711	242,332	96,492	1,577,464	87,013	34,567
– Five years and above	541,594	54,166	15,526	2,130,208	176,384	82,878
	20,136,665	554,824	182,995	30,246,759	436,887	171,606
Profit rate related contracts:						
– Less than one year	3,012,000	16,109	5,270	490,000	5,042	3,028
– One year to less than five years	1,700,437	48,024	10,057	4,714,969	82,015	61,906
– Five years and above	220,000	17,937	5,949	300,000	22,879	8,803
	4,932,437	82,070	21,276	5,504,969	109,936	73,737
Total treasury-related commitments and contingencies	25,069,102	636,894	204,271	35,751,728	546,823	245,343
Total commitments and contingencies	80,496,780	29,102,722	11,351,198	83,982,957	26,643,902	11,626,023

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

(ak) Capital adequacy

The capital adequacy ratios of the IBS operations are as follows:

Group	2022	2021
CET1 Capital Ratio	14.325%	16.216%
Tier 1 Capital Ratio	15.392%	17.404%
Total Capital Ratio	18.057%	20.298%

Components of capital:

Group	2022 RM'000	2021 RM'000
CET1 Capital		
Share capital/Islamic Banking Fund	11,034,955	10,327,374
Retained profits	2,901,255	3,488,469
Other reserves	727,027	193,984
CET1 Capital before regulatory adjustments	14,663,237	14,009,827
Less: Regulatory adjustment applied in CET1 Capital	(1,244,216)	(359,160)
Total CET1 Capital	13,419,021	13,650,667
Additional Tier 1 Capital		
Capital securities	1,000,000	1,000,000
Total Tier 1 Capital	14,419,021	14,650,667
Tier 2 Capital		
Subordinated sukuk	2,000,000	2,000,000
General provisions ¹	23,001	10,735
Surplus of eligible provision over expected loss	473,343	425,171
Total Tier 2 Capital	2,496,344	2,435,906
Total Capital	16,915,365	17,086,573

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	2022 RM'000	2021 RM'000
Standardised Approach exposure	2,915,241	2,387,023
Internal Ratings-Based Approach exposure after scaling factor	89,387,080	83,621,226
Total RWA for credit risk	92,302,321	86,008,249
Total RWA for credit risk absorbed by Maybank and IAH*	(10,496,635)	(12,759,358)
Total RWA for market risk	781,234	1,316,772
Total RWA for operational risk	11,091,019	9,612,206
Total RWA	93,677,939	84,177,869

* 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.

64. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)**(al) 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
2022					
Financial assets					
Financial investments at amortised cost	-	26,862,890	-	26,862,890	27,461,699
Financing and advances	-	25,179,198	197,983,123	223,162,321	211,238,163
Financial liabilities					
Customers' funding:					
– Deposits from customers	-	209,783,504	-	209,783,504	209,783,463
– Investment accounts of customers [^]	-	25,637,720	-	25,637,720	25,637,702
Deposits and placements from financial institutions	-	23,558,593	-	23,558,593	23,593,505
Term funding	-	9,414,022	-	9,414,022	9,421,202
Subordinated sukuk	-	1,979,783	-	1,979,783	2,021,893
Capital securities	-	998,187	-	998,187	1,002,347
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

[^] 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.

As for the financial year of 2022, the SC at the Group level has six 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
2022		
Compounding of profit and Late Payment Charges (“LPC”) for Cash Line-i accounts under the Moratorium - Relief Assistance schemes	1	361
Financing granted to food and beverage operator with mixture of halal and non-halal business	1	272
	2	633
2021		
Overcharging of LPC	1	- ¹
Capitalisation of accrued profit and LPC in the calculation of new profit during auto-akad renewal	1	-
	2	-

During the previous financial year, an additional amount of RM62 has been refunded to customers in relation to finance charges/monthly profit amount exceeded the selling price prior to system enhancement completion in 2020.

¹ Denotes RM0.18

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
Compounding of profit and LPC for Cash Line-i accounts under the Moratorium – Relief Assistance schemes.	Refund of the overcharged profit to the impacted customers and system fixes using the correct formula to ensure non-compounding of profit.	Completed
Financing granted to food and beverage operator with mixture of halal and non-halal business.	Termination of the current Islamic facility, purification of income, enhancement of the Shariah Screening Checklist and relevant procedure. Training has also been provided via nationwide hybrid or Face-to-Face Maybank Islamic Engagement Session with Sales Personnel of SME and Business Banking.	Mitigation actions mostly completed, pending customer’s acceptance on the conversion of facility.

(iii) Sources and uses of charity funds

Group	2022 RM'000	2021 RM'000
Sources of charity funds		
Shariah non-compliance/prohibited income	272	–
Total sources of charity funds during the financial year	272	–
Uses of charity funds		
Contribution to non-profit organisation ²	272	–
Total uses of charity funds during the financial year	272	–
Undistributed charity funds as at 31 December	–	–

² Does not include fund refunded to customers of RM360,656 made during the year (2021: RM62).

(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	
			2022 RM	2021 RM	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Banking										
Maybank Islamic Berhad	Islamic banking	Malaysia	11,029,954,534	10,322,374,000	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	98.52 ¹⁴	98.52 ¹⁴	1.48	1.48	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	98.51 ¹⁴	98.51 ¹⁴	1.49	1.49	100.00	100.00
PT Wahana Ottomitra Multiartha Tbk ¹⁰	Multi-financing	Indonesia	508,338,022,174 ¹	508,338,022,174 ¹	67.54 ¹⁴	67.54 ¹⁴	32.46	32.46	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	368,000,000 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^A}	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	970,000,500	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	11,000,000 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	12,000,000 ²	10,000,000 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	4,333,256,980 [#]	4,390,000,000	100.00	100.00	-	-	100.00	100.00
Maybank IBG 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. ¹⁰	Dealing in securities	Singapore	75,000,000 ⁴	75,000,000 ⁴	100.00	100.00	-	-	100.00	100.00
PT Maybank Sekuritas Indonesia 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 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

^ The share capital has yet to reflect the additional capital injection during the year by EIH as the regulatory approval is still on-going.

Reduction in share capital arising from capital reduction exercise to offset the accumulated losses. This should be read in conjunction with Note 18(x) & (xii).

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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	
			2022 RM	2021 RM	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Investment Banking (cont'd.)										
Maybank 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. ¹¹	Dealing in securities	United States of America	30,454,000 ²	27,754,000 ²	100.00	100.00	-	-	100.00	100.00
MIB 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 ¹⁰	Securities trading	Hong Kong	5,000,000 ⁵	5,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank 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 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 ¹⁰	Futures contracts broker	Hong Kong	6,000,000 ⁵	6,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank Capital, Inc. ¹⁰ (formerly known as Maybank Kim Eng Capital, Inc.)	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. ¹⁰	Dealing in securities	Philippines	404,795,900 ³	404,795,900 ³	100.00	100.00	-	-	100.00	100.00
Maybank Securities Limited ¹⁰ (formerly known as Maybank Kim Eng Securities Limited)	Dealing in securities	Vietnam	2,200,000,000,000 ⁹	2,200,000,000,000 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	2	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	2,064,861,449 [#]	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	100.00	60.00	-	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
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

Reduction in share capital arising from capital reduction exercise to offset the accumulated losses. This should be read in conjunction with Note 18(x) & (xii).

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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	
			2022 RM	2021 RM	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Asset Management/Trustees/Custody (cont'd.)										
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
Maybank Ventures Sdn. Bhd. (formerly known as 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. ¹⁰	Investment holding	Singapore	2 ⁴	2 ⁴	100.00	100.00	-	-	100.00	100.00
Maybank 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 ¹⁰	Investment holding	Hong Kong	415,000,000 ⁵	415,000,000 ⁵	100.00	100.00	-	-	100.00	100.00
Maybank 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 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	169,500,000,000 ¹	125,500,000,000 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	1,000,000	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
Philmay Holding, Inc. ¹⁰	Investment holding	Philippines	60,000,000 ³	-*	100.00	33.00	-	-	100.00	33.00

* Previously held by the Bank as an associate.

(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	
			2022 %	2021 %
Held by the Bank				
Maybank Enhanced Income Fund ¹⁰	Equity Fund	Singapore	68	60
Maybank All-Weather Quantitative Fund ¹⁰	Equity Fund	Singapore	53 ⁺	95
Held through subsidiaries				
MAM PE Asia Fund I (Labuan) LLP	Private Equity Fund	Malaysia	100	100

+ The reduction in the Bank's effective interest is due to increase in the fund's asset size.

Notes to the Financial Statements

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65. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)**(c) Details of the associates are as follows:**

Name of Company	Principal Activities	Country of Incorporation/Principal Place of Business	Effective Interest	
			2022 %	2021 %
Held by the Bank				
Uzbek Leasing International A.O. ¹¹	Leasing	Uzbekistan	10	20
An Binh Commercial Joint Stock Bank ¹¹	Banking	Vietnam	16	16
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	
			2022 %	2021 %
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 Global¹¹ Audited by firms of auditors other than Ernst & Young Global¹² No audit required as allowed by the laws of the respective country of incorporation¹³ No audit required as the entity is under members' voluntary liquidation¹⁴ 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.

Notes to the Financial Statements

31 December 2022

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 Professor Dr. Aznan bin Hasan Shariffuddin bin Khalid Dato' Azmi bin Mohd Ali Natasha binti Kamaluddin (appointed on 1 July 2022)	Maybank Ageas Holdings Berhad	Datuk R. Karunakaran Antonio Cano Gary Lee Crist Dato' Johan bin Ariffin Dato' Majid bin Mohamad Datuk Mohd Najib bin Abdullah Fauziah binti Hisham
Maybank International (L) Ltd.	Aziah binti Abdullah Nor Rashidi bin Mohammad Malique Firdaus bin Ahmad Sidique (appointed on 14 July 2022) Khalijah binti Ismail (resigned on 14 July 2022)	Etiqa Life International (L) Ltd.	Dato' Majid bin Mohamad Lee Hin Sze Johan Lam Chung Yin
Maybank Philippines, Incorporated	Fauziah binti Hisham Renato Tinio De Guzman Atty. Ray C. Espinosa Jesus Roberto S. Reyes Pollie Sim Sio Hoong Datuk Lim Hong Tat Manuel Nava Tordesillas Simoun S. Ung Abigail Tina M. Del Rosario	Etiqa General Insurance Berhad	Datuk Mohd Najib bin Abdullah Datuk Normala binti A. Manaf Frank J.G. Van Kempen Serina binti Abdul Samad Daniela Adaggi Mohamad Shukor bin Ibrahim Tan Kwang Kherng (appointed on 23 September 2022) Koh Heng Kong (resigned on 22 September 2022)
PT Bank Maybank Indonesia Tbk	Edwin Gerungan Datuk Lim Hong Tat Budhi Dyah Sitawati Achjar Iljas Dr. Hendar Putut Eko Bayuseno Dato' Zulkiflee Abbas bin Abdul Hamid (appointed on 6 July 2022) Dato' Khairussaleh bin Ramli (appointed on 4 October 2022) Tan Sri Abdul Farid bin Alias (resigned on 1 May 2022)	Etiqa Family Takaful Berhad	Dato' Majid bin Mohamad Andrew King Sun Cheung Dato' Johan bin Ariffin Wong Pakshong Kat Jeong Colin Stewart Professor Dr. Azman bin Mohd Noor Mohd Din bin Merican
Maybank (Cambodia) Plc.	Anthony Brent Elam Spencer Lee Tien Chye Datuk Hamirullah bin Boorhan Soon Su Long Shariffuddin bin Khalid Dr. Sok Siphana (appointed on 30 May 2022)	Etiqa Offshore Insurance (L) Ltd.	Dato' Majid bin Mohamad Chris Eng Poh Yoon Frank J.G. Van Kempen
Maybank Singapore Limited	Datuk R. Karunakaran Anthony Brent Elam Spencer Lee Tien Chye Wong Heng Ning Kevin Lee Yong Guan Renato Tinio De Guzman Dato' Khairussaleh bin Ramli (appointed on 1 August 2022) Tan Sri Abdul Farid bin Alias (resigned on 30 April 2022)	Etiqa International Holdings Sdn. Bhd.	Datuk R. Karunakaran Dato' Johan bin Ariffin Fauziah binti Hisham
PT Maybank Indonesia Finance	Deswandhy Agusman Steffano Ridwan Muhamad Roskanedi (resigned on 9 June 2022)	Etiqa Life and General Assurance Philippines, Inc.	Manuel Nava Tordesillas Eulogio A. Mendoza Rico T. Bautista Ricardo Nicanor N. Jacinto Helen T. De Guzman Loh Lee Soon (appointed on 1 January 2022) Mohd Din Merican (appointed on 16 June 2022) Ma. Victoria C. Vinas (resigned on 14 March 2022) Kamaludin bin Ahmad (resigned on 16 June 2022)
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 Francis Tan Wee Ming (appointed on 27 December 2022) Dr. John Lee Hin Hock (resigned on 22 December 2022)
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 Riduan Simanjuntak (appointed on 1 April 2022) Didit Mehta Pariadi (appointed on 12 April 2022) Salomo Damanik (appointed on 7 July 2022)

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 Dr. Ariffin bin Yahaya Dato' Johan bin Ariffin (resigned on 1 January 2022) Loh Lee Soon (resigned on 1 January 2022)	Maybank Securities Pte. Ltd.	Goh Ching Yin Dr. John Lee Hin Hock Khalijah binti Ismail Soon Kwo Chuan, Christopher Andrew Damien Kwek Tse Hock Dato' Hamidah binti Moris (resigned on 1 December 2022)
Etiqa General Takaful Berhad	Dato' Majid bin Mohamad Philippe Pol Arthur Latour Professor Dr. Rusni Hassan Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican Wong Shu Yoon (appointed on 23 September 2022) Dato' Johan bin Ariffin (resigned on 1 January 2022) Koh Heng Kong (resigned on 22 September 2022)	PT Maybank Sekuritas Indonesia	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	Maybank Securities (Thailand) Public Company Limited	Dr. Areepong Bhoocha-oom Sopawadee Lertmanaschai Hans Johan Patrik Sandin Arapat Sankharat Ricardo Nicanor Jacinto Michael Oh-Lau (appointed on 10 February 2023) Dato' Hamidah binti Moris (resigned on 1 December 2022)
Etiqa Life Insurance (Cambodia) Plc.	Dato' Johan bin Ariffin Wong Pakshong Kat Jeong Colin Stewart Koh Heng Kong Siti Nita Zuhra binti Mohd Nazri Foo Wei Hoong Dato' Mohd Hanif bin Suadi (appointed on 6 July 2022) Lee Hin Sze (resigned on 1 July 2022)	Maybank Securities (London) Limited	Leonard White Farhan Nor Diyana binti Samsudin Hishamuddin Hud bin Ibrahim (appointed on 23 June 2022) Mohamad Yasin bin Abdullah (resigned on 30 May 2022)
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.	Ahmad Hamdi bin Abdullah Hishamuddin Hud bin Ibrahim (appointed on 19 May 2022) Mohamad Yasin bin Abdullah (resigned on 19 May 2022) Jean Louis Lee (resigned on 27 February 2023)
Maysec Sdn. Bhd.	Ezrina binti Mahadzir (appointed on 27 May 2022) Ekhwan bin Jani (appointed on 1 June 2022) Mohamad Yasin bin Abdullah (resigned on 30 May 2022) Malique Firdaus bin Ahmad Sidiq (resigned on 2 June 2022)	MIB Securities India Private Limited	Jigar Shah Hishamuddin Hud bin Ibrahim (appointed on 29 August 2022) Ekhwan bin Jani (appointed on 29 August 2022) Mohamad Yasin bin Abdullah (resigned on 29 August 2022) Malique Firdaus bin Ahmad Sidiq (resigned on 29 August 2022)
PhileoAllied Securities (Philippines) Inc.*	Graciella Marie D. Baldoz-Paz Luis Manuel L. Gatmaitan Ma. Alicia Picazo-San Juan Mohamad Yasin bin Abdullah (resigned on 11 May 2022) Dato' Hamidah binti Moris (resigned on 1 December 2022)	MIB Finance (Hong Kong) Limited	Ekhwan bin Jani (appointed on 16 June 2022) Chan Cheung Hung (appointed on 13 September 2022) Mohamad Yasin bin Abdullah (resigned on 11 May 2022) Malique Firdaus bin Ahmad Sidiq (resigned on 16 June 2022) Lim Eng Ping (resigned on 16 December 2022)
Maybank International Holdings Sdn. Bhd.	Wan Marzimin bin Wan Muhammad Malique Firdaus bin Ahmad Sidiq (appointed on 27 May 2022) Mohamad Yasin bin Abdullah (resigned on 28 May 2022)	Maybank Research Pte. Ltd.	Ong Seng Yeow Shrianand Pathmakanthan
Maybank IBG Holdings Limited	Dr. Hasnita binti Dato' Hashim Dr. John Lee Hin Hock Hans Johan Patrik Sandin Dato' Muzaffar bin Hisham Dato' Abdul Hamid bin Sheikh Mohamed Dato' Sri Sharifah Sofianny binti Syed Hussain Che Zakiah binti Che Din Goh Ching Yin Andrew Damien Kwek Tse Hock	MIB Securities (Hong Kong) Limited	Hans Johan Patrik Sandin Felino James Marcelo Ekhwan bin Jani (appointed on 16 June 2022) Chan Cheung Hung (appointed on 13 September 2022) Leung Wai Lan (appointed on 22 December 2022) Dato' Hamidah binti Moris (resigned on 1 December 2022) Malique Firdaus bin Ahmad Sidiq (resigned on 16 June 2022) Lim Eng Ping (resigned on 16 December 2022)
		MIB Futures (Hong Kong) Limited	Teo Kim Guan Chan Cheung Hung (appointed on 13 September 2022) Lim Eng Ping (resigned on 16 December 2022)

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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
Maybank Capital Inc. (formerly known as Maybank Kim Eng Capital, Inc.)	Ricardo Nicanor Jacinto Daniel Gabriel M. Montecillo Aurelio Noel G. Dayrit Dato' Sri Sharifah Sofianny binti Syed Hussain Jose R. Soberano III (appointed on 16 June 2022) Abigail Tina M. Del Rosario (appointed on 16 June 2022) Alexander Ludwig L. Dauz (resigned on 16 June 2022) Rajiv Vijendran (resigned on 16 June 2022)	Maybank Asset Management Sdn. Bhd.	Goh Ching Yin Loh Lee Soon Badrul Hisyam bin Abu Bakar Dr. Hasnita binti Hashim (appointed on 14 May 2022) Shirley Goh (appointed on 14 May 2022) Ahmed Muzni bin Mohamed (appointed on 1 April 2022) Dato' Idris bin Kechot (resigned on 14 May 2022) Ahmad Najib bin Nazlan (resigned on 1 December 2022)
Maybank Securities, Inc.	Ricardo Nicanor Jacinto Daniel Gabriel M. Montecillo Alexander Ludwig L. Dauz Jose R. Soberano III (appointed on 16 June 2022) Dato' Sri Sharifah Sofianny binti Syed Hussain (appointed on 16 June 2022) Abigail Tina M. Del Rosario (appointed on 19 October 2022) Rajiv Vijendran (resigned on 16 June 2022) Aurelio Noel G. Dayrit (resigned on 16 June 2022)	Philmay Property, Inc.	Lee Yih Hwan (appointed on 1 June 2022) Loy Teck Wooi (appointed on 1 June 2022) Malique Firdaus bin Ahmad Sidique (appointed on 1 June 2022) Abigail Tina M. Del Rosario (appointed on 1 June 2022) Armando C. Lavandelo (appointed on 22 July 2022) Ong Seet-Joon (resigned on 1 June 2022) Atty. Llewellyn L. Llanillo (resigned on 1 June 2022) Ng Yok Chin (resigned on 1 June 2022)
Maybank Securities Limited (formerly known as Maybank Kim Eng Securities Limited)	Che Zakiah binti Che Din Rajiv Vijendran Lok Eng Hong Dr. Nguyen The Tho (appointed on 25 March 2022) Mohamad Yasin bin Abdullah (resigned on 27 May 2022)	Maybank (Nominees) Sdn. Bhd.	Surin Segar a/l Gnanasegaram Ekhwan bin Jani (appointed on 6 May 2022) Mohamad Yasin bin Abdullah (resigned on 9 May 2022)
Maybank Asset Management Group Berhad	Loh Lee Soon Goh Ching Yin Dato' Muzaffar bin Hisham Mohd Irwan bin Ahmad Mustafa @ Mustafa Dr. Hasnita binti Hashim (appointed on 14 May 2022) Shirley Goh (appointed on 14 May 2022) Roni Lihawa bin Abdul Wahab (resigned on 7 April 2022) Dato' Idris bin Kechot (resigned on 14 May 2022)	Maybank Nominees (Tempatan) Sdn. Bhd.	Surin Segar a/l Gnanasegaram Ekhwan bin Jani (appointed on 6 May 2022) Mohamad Yasin bin Abdullah (resigned on 9 May 2022)
Maybank (Indonesia) Berhad	Loy Teck Wooi Wan Marzimin bin Wan Muhammad	Maybank Nominees (Asing) Sdn. Bhd.	Surin Segar a/l Gnanasegaram Ekhwan bin Jani (appointed on 6 May 2022) Mohamad Yasin bin Abdullah (resigned on 9 May 2022)
Cekap Mentari Berhad	Lee Yih Hwan Malique Firdaus bin Ahmad Sidique (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)	Maybank Nominees (Singapore) Private Limited	Lim Choon Meng Chew Yew Leong David
Maybank International Trust (Labuan) Berhad	Lee Yih Hwan Malique Firdaus bin Ahmad Sidique (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)	Maybank Nominees (Hong Kong) Limited	Felino James Marcelo
Maybank Offshore Corporate Services (Labuan) Sdn. Bhd.	Surin Segar a/l Gnanasegaram Malique Firdaus bin Ahmad Sidique (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)	Maybank Securities Nominees (Tempatan) Sdn. Bhd.	Ezrina binti Mahadzir Ekhwan bin Jani (appointed on 1 June 2022) Malique Firdaus bin Ahmad Sidique (resigned on 2 June 2022)
Maybank Trustees Berhad	Cheng Kee Check Dato' John Chong Eng Chuan Surindar Kaur a/p Gian Singh Shirley Goh (appointed on 10 January 2023) Fauziah binti Hisham (resigned 31 December 2022)	Maybank Securities Nominees (Asing) Sdn. Bhd.	Ezrina binti Mahadzir Ekhwan bin Jani (appointed on 1 June 2022) Malique Firdaus bin Ahmad Sidique (resigned on 2 June 2022)
Maybank Private Equity Sdn. Bhd.	Ahmad Najib bin Nazlan (appointed on 1 May 2022) Norazlina binti Abdul Rashid (appointed on 1 May 2022) Loh Lee Soon (resigned on 1 May 2022) Fad'l bin Mohamed (resigned on 1 May 2022) Norlia binti Mat Yusof (resigned on 1 May 2022)	Maybank Allied Berhad	Wan Marzimin bin Wan Muhammad Malique Firdaus bin Ahmad Sidique (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)
		Dourado Tora Holdings Sdn. Bhd.	Lee Yih Hwan Malique Firdaus bin Ahmad Sidique (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)
		Aurea Lakra Holdings Sdn. Bhd.	Choong Yoke Choo Lee Yih Hwan
		KBB Nominees (Tempatan) Sdn. Bhd.	Yeoh Cheang Teik Abdullah bin Taib

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
KBB Properties Sdn. Bhd.	Yeoh Cheang Teik Mohd Noor bin Bahari Abdullah bin Taib	MIB Nominees (Hong Kong) Limited	Teo Kim Guan Chan Cheung Hung (appointed on 13 September 2022) Lim Eng Ping (resigned on 13 September 2022)
Double Care Sdn. Bhd.*	Dato' Aminuddin bin Md Desa Hans De Cuyper	Maybank Kim Eng Properties USA Inc.	Ahmad Hamdi Abdullah Mohamad Yasin bin Abdullah (resigned on 19 May 2022) Jean Louis Lee (resigned on 27 February 2023)
Sorak Financial Holdings Pte. Ltd.	Lim Choon Meng Lee Yih Hwan (appointed on 23 March 2022) Khalijah binti Ismail (resigned on 15 February 2022)	PT Prosperindo	Surin Segar a/l Gnanasegaram Narita Naziree binti Ahmad Naziree Lee Tien Poh (resigned on 2 December 2022)
Myfin Berhad	Loy Teck Wooi Surin Segar a/l Gnanasegaram	Maybank Shared Services Sdn. Bhd.	Mohd Suhail Amar Suresh bin Abdullah Surin Segar a/l Gnanasegaram Hon Kah Cho, Jerome (appointed on 13 December 2022) Loy Teck Wooi (resigned on 13 December 2022)
Maybank Alliances Sdn. Bhd.	Surin Segar a/l Gnanasegaram Malique Firdaus bin Ahmad Sidiq (appointed on 31 January 2022) Khalijah binti Ismail (resigned on 4 February 2022)	PT Maybank Asset Management	Badrul Hisyam bin Abu Bakar Freddy Hendradjaja (appointed on 6 June 2022) Mohamad Yasin bin Abdullah (resigned on 8 December 2022)
Maybank Ventures Sdn. Bhd. (formerly known as BinaFikir Sdn. Bhd.)	Dato' Muzaffar bin Hisham Lye Saw Im	Maybank Islamic Asset Management Sdn. Bhd.	Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican Badrul Hisyam bin Abu Bakar Nadjihah Mohd Dzaidin Ahmed Muzni bin Mohamed (resigned on 1 April 2022) Roni Lihawa bin Abdul Wahab (resigned on 7 April 2022)
MIB Strategic Pte. Ltd.	Rajiv Vijendran Ekhwan bin Jani (appointed on 1 June 2022) Malique Firdaus bin Ahmad Sidiq (resigned on 1 June 2022)	MAM DP Ltd.	Badrul Hisyam bin Abu Bakar
Maybank Properties Pte. Ltd.	Lee Yih Hwan Ekhwan bin Jani (appointed on 1 June 2022) Mohamad Yasin bin Abdullah (resigned on 9 May 2022)	MBB Labs Private Limited	Mohd Suhail Amar Suresh bin Abdullah Datuk Normala binti A. Manaf Meenakshy Ramaswamy Iyer
Strategic Acquisitions Pte. Ltd.	Lok Eng Hong Badrul Hisyam bin Abu Bakar Goh Keat Jin Tan Boon Guan (resigned on 27 June 2022)	Amanah Mutual Berhad	Badrul Hisyam bin Abu Bakar Ahmad Najib bin Nazlan
MIB Investment Limited	Ekhwan bin Jani (appointed on 16 June 2022) Chan Cheung Hung (appointed on 13 September 2022) Lim Eng Ping (resigned on 13 September 2022) Malique Firdaus bin Ahmad Sidiq (resigned on 16 June 2022)	Singapore Unit Trusts Limited	Lee Han Eng, Alvin Goh Keat Jin
Maybank Securities Nominees Pte. Ltd.	Henry Koh Swee Ong Young Lim Koon Yang	Etiqa Digital Solutions Sdn. Bhd.	Kamaludin bin Ahmad Lee Hin Sze Amran bin Hassan
Maybank Asset Management Singapore Pte. Ltd.	Goh Ching Yin Badrul Hisyam bin Abu Bakar Lee Han Eng, Alvin Goh Keat Jin	Philmay Holding, Inc.	Lee Yih Hwan Loy Teck Wooi Malique Firdaus bin Ahmad Sidiq Abigail Tina M. Del Rosario Armando C. Lavandelo

* Under members' voluntary liquidation

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