



BANKING

redefined 

ANNUAL REPORT 2023
FINANCIAL STATEMENTS

64th ANNUAL GENERAL MEETING



**To be held physically and
broadcasted live from:**
Ballroom, Level 3,
Malaysia International Trade
and Exhibition Centre (MITEC),
Kompleks MITEC,
No. 8, Jalan Dutamas 2,
50480 Kuala Lumpur, Malaysia



Date and time:
Thursday,
25 April 2024
10.00 a.m.



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Highlights of 2023

FINANCIAL HIGHLIGHTS

Total Assets

RM1.03 trillion

(FY2022*: RM948.13 billion)

Record Net Profit

RM9.35 billion

(FY2022*: RM7.96 billion)

Return on Equity

10.8%

(FY2022*: 9.6%)

Earnings per Share

77.6 sen

(FY2022*: 66.5 sen)

Group CET1 Capital Ratio[#]

15.34%

(FY2022: 14.78%)

Total Dividend per Share

60.0 sen

(FY2022: 58.0 sen)

Dividend Payout Ratio

77.4%

(FY2022*: 87.5%)

Dividend Yield

6.7%

(FY2022: 6.7%)

BUSINESS HIGHLIGHTS



Launched seamless regional cashless payments via cross-border QR payment in Malaysia, Singapore, Thailand and Indonesia.



Sole Financier and Sustainability Structuring Adviser for Southeast Asia's first sustainability-linked Islamic revolving credit facility for the shipping industry totalling USD100.00 million



No. 1 general takaful player and online general insurance and takaful player in Malaysia with 53.1% market share



Established Islamic Wealth Management (IWM) hub in Singapore to provide onshore and offshore IWM solutions for Premier and Private banking customers in Malaysia, Singapore and Indonesia

DIGITAL AND CUSTOMER EXPERIENCE HIGHLIGHTS



Best Consumer Digital Bank in Asia-Pacific, Best Mobile Banking App and Best Online Product Offerings in Malaysia in the Global Finance Awards 2023



Launched First "Phygital" Signature Branch to deliver superior customer experience with hyper-personalised solutions



Simplified and shortened account opening time by 70% to 15 minutes at branches via Agile Customer Experience



Maintained differentiated customer experience leadership with a Net Promoter Score of +37 (2022: +24)

SUSTAINABILITY HIGHLIGHTS



First Malaysian bank to receive Global Finance's "Outstanding Leadership in Sustainability Transparency" - Asia Pacific award. Maybank also won Global Finance's Best Bank for Sustainable Finance - Malaysia award



The only Malaysian corporation to feature among 750 companies in TIME magazine's World's Best Companies 2023, with a sustainability ranking of 374



Our CDP score improved to B from C given our coordinated action on climate issues. Also, finalising our Science Based Net Zero Pathway for two key sectors



Advancing value based banking with first-of-its kind solutions, Maybank myimpact credit cards, that combine sustainability and Shariah principles

* Restated FY2022 comparative information as MFRS 17 has replaced MFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023

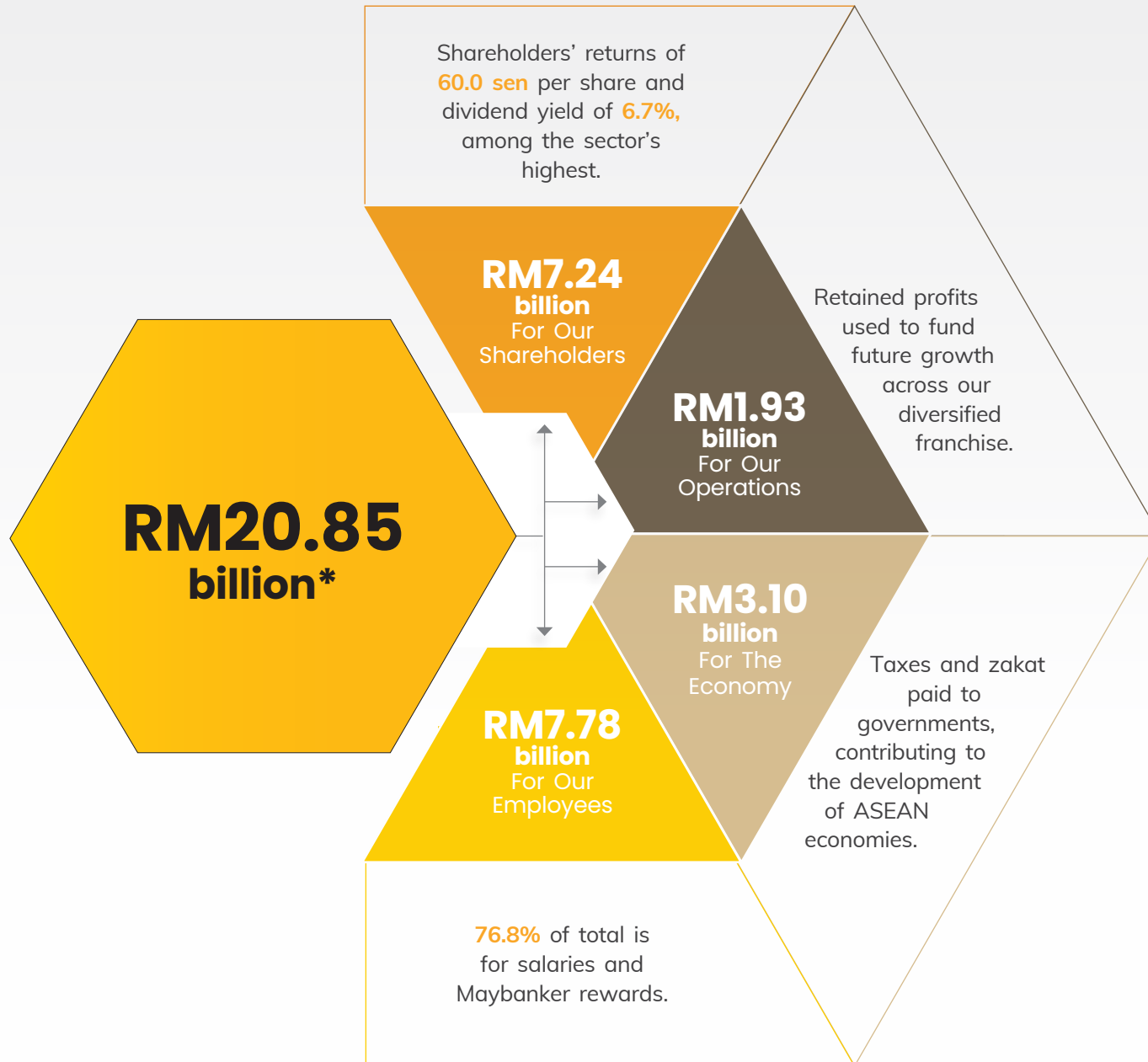
Post second interim dividend



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 FY2023 was distributed as follows:



* Includes non-controlling interests and depreciation and amortisation. Refer to page 6 for Distribution of Value Added.

Financial Performance

FIVE-YEAR GROUP FINANCIAL SUMMARY

	Group FY 31 Dec					Bank FY 31 Dec	
	2019	2020	2021	2022 Restated	2023	2022	2023
OPERATING RESULT (RM' million)							
Operating revenue	52,868	51,031	45,959	49,416	64,467	26,612	34,260
Net operating income	24,741	24,763	25,448	26,492	27,361	16,210	16,634
Pre-provisioning operating profit ("PPOP") ¹	13,179	13,541	13,930	14,518	13,972	10,458	10,338
Operating profit	10,856	8,448	10,700	11,741	12,291	8,639	9,762
Profit before taxation and zakat	11,014	8,657	10,887	11,872	12,532	8,639	9,762
Profit attributable to equity holders of the Bank	8,198	6,481	8,096	7,961	9,350	6,971	8,273
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' million)							
Total assets	834,413	856,860	888,172	948,130	1,027,675	522,676	571,868
Financial investments portfolio ²	192,830	215,186	223,884	231,090	265,916	133,764	160,795
Loans, advances and financing	513,420	512,210	541,888	575,127	630,422	245,137	278,326
Total liabilities	750,344	769,750	799,620	859,518	930,026	449,606	493,439
Deposits from customers	544,531	556,349	588,968	614,895	670,359	274,854	299,676
Investment accounts of customers	20,738	23,841	28,721	24,501	26,475	-	-
Commitments and contingencies	1,208,623	1,305,385	1,176,244	1,526,306	1,855,618	1,422,559	1,742,985
Share capital	48,280	48,280	53,156	54,619	54,674	54,619	54,674
Shareholders' equity	81,571	84,437	85,811	85,746	94,642	73,071	78,429
SHARE INFORMATION							
Per share (sen)							
Basic earnings	73.5	57.7	69.7	66.5	77.6	58.2	68.6
Diluted earnings	73.5	57.7	69.7	66.5	77.6	58.2	68.6
Gross dividend	64.0	52.0	58.0	58.0	60.0	58.0	60.0
Net assets (sen)	725.6	751.1	722.4	711.3	784.7	606.2	650.3
Share price as at 31 Dec (RM)	8.64	8.46	8.30	8.70	8.89	-	-
Market capitalisation (RM' million)	97,125	95,102	98,592	104,871	107,216	-	-
FINANCIAL RATIOS (%)							
Profitability Ratios/Market Share							
Net interest margin on average interest-earning assets	2.3	2.1	2.3	2.4	2.1	1.8	1.5
Net interest on average risk-weighted assets	4.6	4.3	4.7	5.1	4.5	3.6	3.0
Return on equity	10.9	8.1	9.8	9.6	10.8	10.0	11.5
Net return on average assets	1.0	0.8	0.9	0.9	0.9	1.4	1.5
Net return on average risk-weighted assets	2.2	1.7	2.0	2.0	2.2	3.0	3.4
Cost to income ratio ³	46.7	45.3	45.3	45.2	48.9	35.5	37.9
Domestic market share in:							
Loans, advances and financing	17.9	18.1	18.0	18.1	18.4	18.1	18.4
Deposits from customers - Savings account	25.5	25.7	26.1	26.1	26.0	26.1	26.0
Deposits from customers - Current account	18.4	13.1	13.8	18.2	16.7	18.2	16.7
CAPITAL ADEQUACY RATIOS (%)							
CET1 Capital Ratio	15.729	15.313	16.090	15.669	16.191	15.264	15.699
Tier 1 Capital Ratio	16.486	16.026	16.810	16.376	16.845	16.045	16.414
Total Capital Ratio	19.387	18.683	19.518	19.080	19.404	18.635	18.841
ASSET QUALITY RATIOS							
Net impaired loans (%)	1.33	1.10	0.89	0.46	0.53	0.95	0.80
Loan loss coverage (%)	77.3	106.3	111.9	131.2	124.9	100.9	101.0
Loan-to-deposit ratio (%) ⁴	92.4	90.1	89.5	91.6	91.7	80.0	80.0
Deposits to shareholders' fund (times) ⁵	6.9	6.9	7.2	7.4	7.4	3.8	3.8
VALUATIONS ON SHARE							
Gross dividend yield (%)	7.4	6.1	7.0	6.7	6.7	-	-
Dividend payout ratio (%)	87.8	91.2	84.5	87.5	77.4	-	-
Price to earnings multiple (times)	11.8	14.7	11.9	13.1	11.5	-	-
Price to book multiple (times)	1.2	1.1	1.1	1.2	1.1	-	-

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.

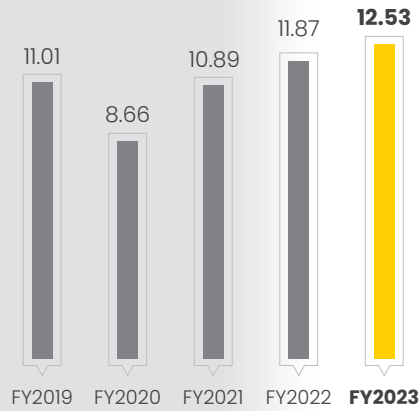
⁵ Deposits to shareholders' fund include investment accounts of customers.



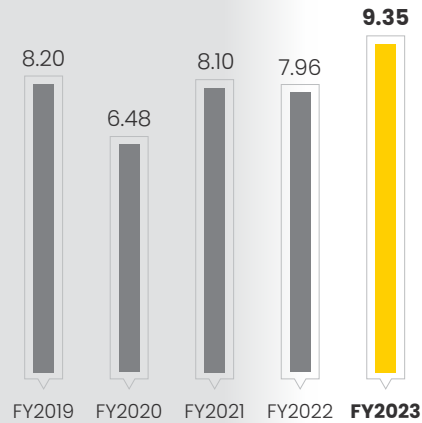
Financial Performance

FIVE-YEAR GROUP FINANCIAL SUMMARY

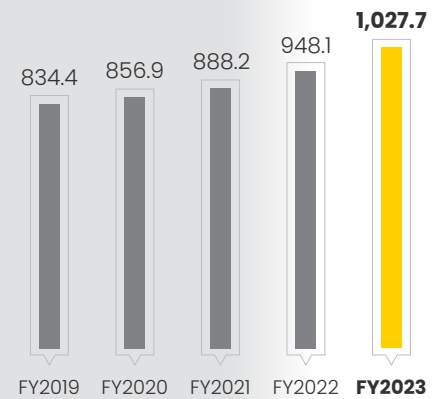
Profit Before Taxation and Zakat
RM12.53 billion



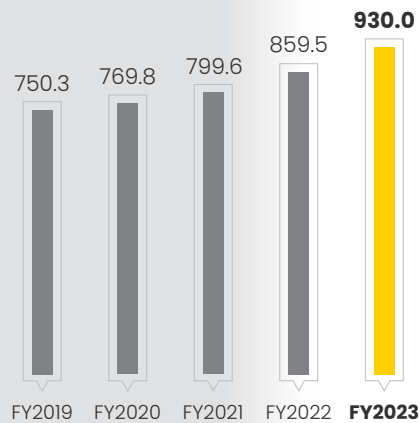
Profit Attributable to Equity Holders of the Bank
RM9.35 billion



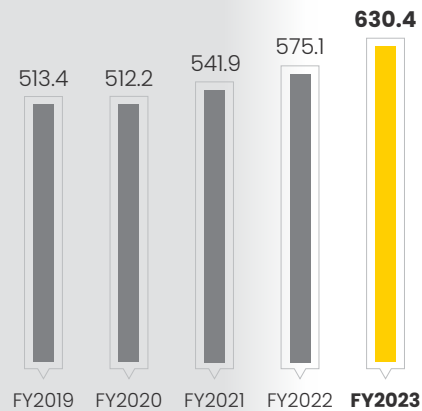
Total Assets
RM1,027.7 billion



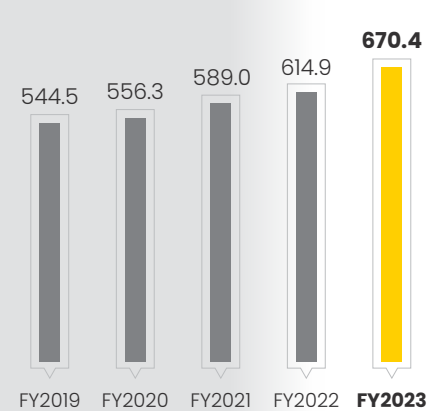
Total Liabilities
RM930.0 billion



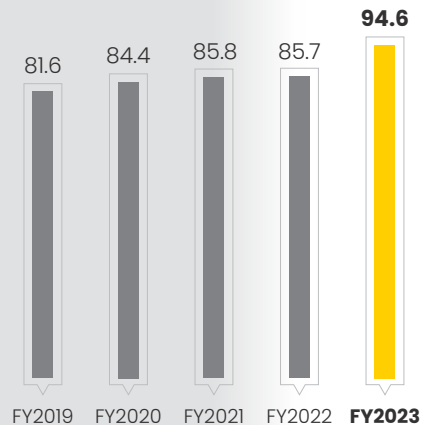
Loans, Advances and Financing
RM630.4 billion



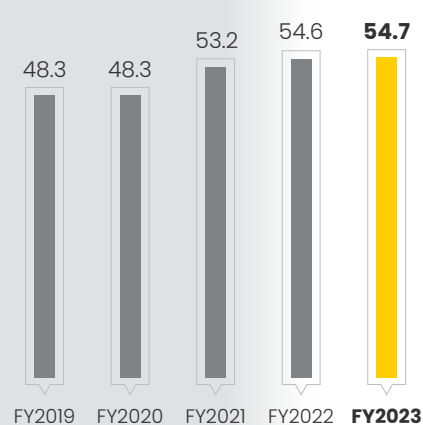
Deposits from Customers
RM670.4 billion



Shareholders' Equity
RM94.6 billion



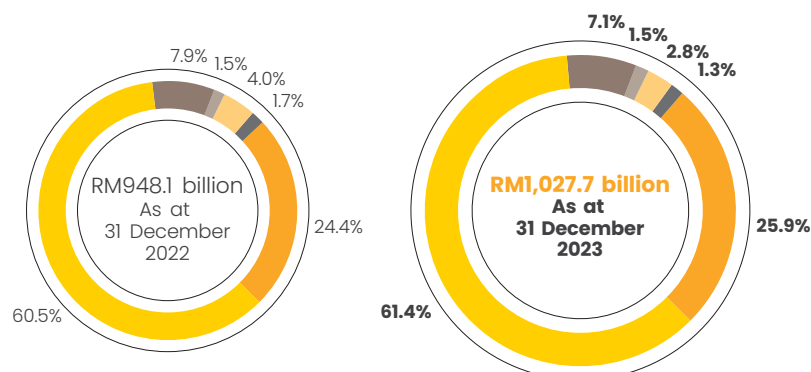
Share Capital
RM54.7 billion



Financial Performance

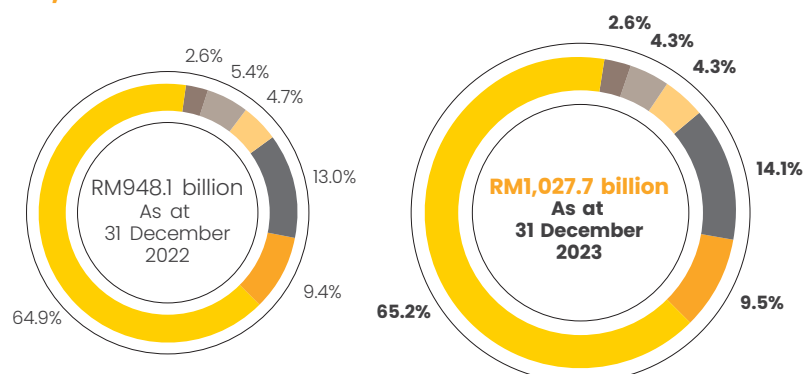
SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

Total Assets RM1,027.7 billion



- Cash and short-term funds
- Deposits and placements with financial institutions
- Financial investments portfolio
- Loans, advances and financing
- Other assets
- Statutory deposits with central banks

Total Liabilities & Shareholders' Equity RM1,027.7 billion



- Deposits from customers
- Investment accounts of customers
- Deposits and placements from financial institutions
- Other liabilities
- Borrowings, subordinated obligations and capital securities
- Shareholders' equity

GROUP QUARTERLY FINANCIAL PERFORMANCE

RM' million

	Q1	Q2	Q3	Q4	YEAR
Operating revenue	15,187	16,135	16,014	17,131	64,467
Net interest income (including income from Islamic Banking Scheme operations)	5,020	5,058	5,050	5,241	20,369
Insurance/takaful service result	(8)	220	54	284	550
Other operating income	1,719	2,506	1,859	1,904	7,988
Total operating income	6,731	7,784	6,963	7,429	28,907
Operating profit before impairment losses	3,272	3,889	3,453	3,358	13,972
Profit before taxation and zakat	3,056	3,370	3,156	2,950	12,532
Profit attributable to equity holders of the Bank	2,265	2,339	2,358	2,388	9,350
Earnings per share (sen)	18.8	19.4	19.6	19.8	77.6
Dividend per share (sen)	-	29.0	-	31.0	60.0

FY 31 Dec 2023

	Q1	Q2	Q3	Q4	YEAR
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Dividend per share (sen)	-	29.0	-	31.0	60.0

RM' million (Restated)

	Q1	Q2	Q3	Q4	YEAR
Operating revenue	11,157	10,205	13,025	15,029	49,416
Net interest income (including income from Islamic Banking Scheme operations)	4,997	5,276	5,459	5,497	21,229
Insurance/takaful service result	(28)	220	(20)	40	212
Other operating income	1,023	294	1,481	1,805	4,603
Total operating income	5,992	5,790	6,920	7,342	26,044
Operating profit before impairment losses	3,523	3,412	3,911	3,672	14,518
Profit before taxation and zakat	2,975	2,300	3,100	3,497	11,872
Profit attributable to equity holders of the Bank	2,047	1,608	2,100	2,206	7,961
Earnings per share (sen)	17.1	13.4	17.7	18.3	66.5
Dividend per share (sen)	-	28.0	-	30.0	58.0

FY 31 Dec 2022

	Q1	Q2	Q3	Q4	YEAR
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Earnings per share (sen)	17.1	13.4	17.7	18.3	66.5
Dividend per share (sen)	-	28.0	-	30.0	58.0



Financial Performance

KEY INTEREST BEARING ASSETS AND LIABILITIES

	FY 31 Dec 2022 (Restated)			FY 31 Dec 2023		
	As at 31 December RM' million	Effective Interest Rate %	Interest Income/ Expense RM' million	As at 31 December RM' million	Effective Interest Rate %	Interest Income/ Expense RM' million
Interest earning assets						
Loans, advances and financing	575,127	5.35	23,297	630,422	5.77	31,035
Cash and short-term funds & deposits and placements with financial institutions	53,670	2.35	869	42,376	2.33	1,699
Financial assets at fair value through profit or loss	37,966	2.81	927	49,349	2.63	1,035
Financial investments at fair value through other comprehensive income	121,367	2.99	3,965	132,182	3.11	5,114
Financial investments at amortised cost	71,757	3.99	2,879	84,384	3.61	2,978
Interest bearing liabilities						
Customers' funding:						
– Deposits from customers	614,895	1.96	7,902	670,359	2.31	16,493
– Investment accounts of customers	24,501	1.29	353	26,475	1.49	435
Deposits and placements from financial institutions	51,894	4.24	1,324	44,677	3.35	2,877
Borrowings	31,736	2.35	866	31,038	2.71	1,473
Subordinated obligations	10,238	3.64	875	10,146	3.56	1,013
Capital securities	2,829	4.07	116	2,830	4.07	116

STATEMENT OF VALUE ADDED

	FY 31 Dec 2022 RM'000 Restated	FY 31 Dec 2023 RM'000
Net interest income	13,815,585	12,791,522
Income from Islamic Banking Scheme operations	7,413,866	7,577,195
Insurance/takaful service result	211,692	550,098
Other operating income	4,603,171	7,988,177
Net insurance/takaful investment/finance result	447,964	(1,545,851)
Overhead expenses excluding personnel expenses, depreciation and amortisation ¹	(4,425,615)	(5,066,875)
Allowances for impairment losses on loans, advances and financing and other debts, net (Allowances for)/writeback of impairment losses on financial investments, net	(2,182,735)	(1,826,212)
Allowances for impairment losses on other financial assets and interest in associates, net	(523,384)	180,563
Allowances for impairment losses on other financial assets and interest in associates, net	(71,107)	(35,416)
Share of profits in associates and joint ventures	130,850	240,325
Value added available for distribution	19,420,287	20,853,526

	FY 31 Dec 2022 RM'000 Restated	FY 31 Dec 2023 RM'000
DISTRIBUTION OF VALUE ADDED		
To employees:		
Personnel expenses	7,013,345	7,779,014
To the Government:		
Taxation and zakat	4,147,310	3,100,553
To providers of capital:		
Dividends paid to shareholders	6,967,842	7,236,452
Non-controlling interests	15,050	265,082
To reinvest to the Group:		
Depreciation and amortisation ¹	535,232	542,911
Retained profits	741,508	1,929,514
Value added available for distribution	19,420,287	20,853,526

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

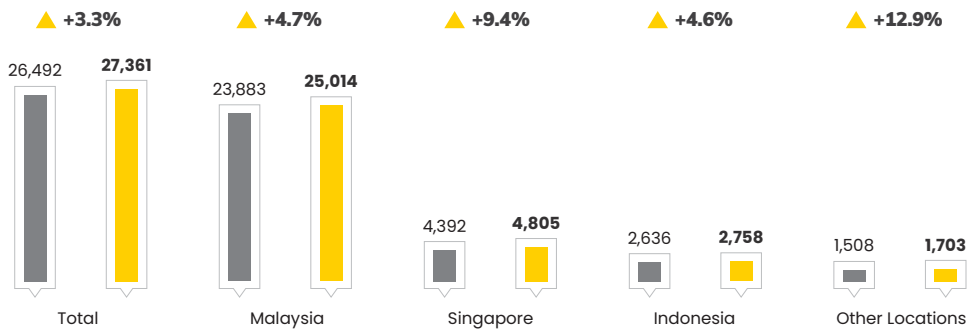
Financial Performance

SEGMENTAL INFORMATION

ANALYSIS BY GEOGRAPHICAL LOCATION

■ FY 31 Dec 2022* ■ FY 31 Dec 2023

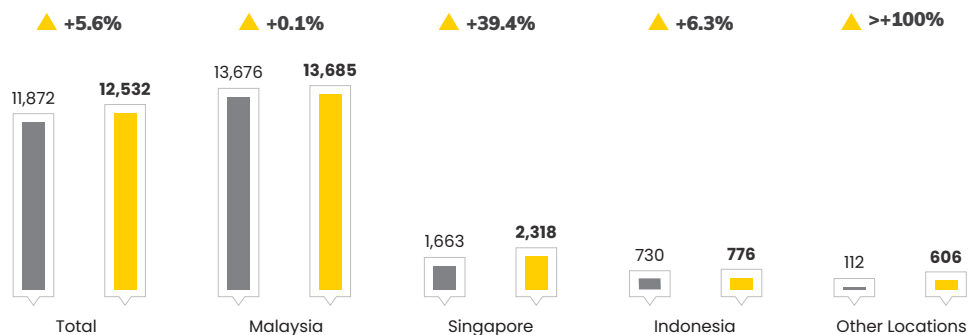
Net Operating Income (RM' million)



Note:

Total net operating income includes inter-segment which are eliminated on consolidation of RM6,919 million for FY 31 December 2023 and RM5,927 million for FY 31 December 2022.

Profit Before Taxation and Zakat (RM' million)



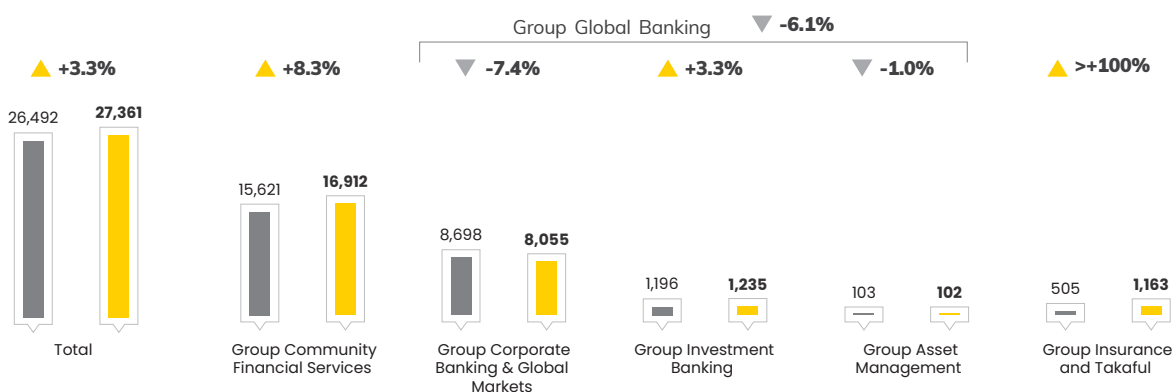
Note:

Total profit before taxation and zakat includes inter-segment which are eliminated on consolidation of RM4,853 million for FY 31 December 2023 and RM4,309 million for FY 31 December 2022.

ANALYSIS BY BUSINESS SEGMENTS

■ FY 31 Dec 2022* ■ FY 31 Dec 2023

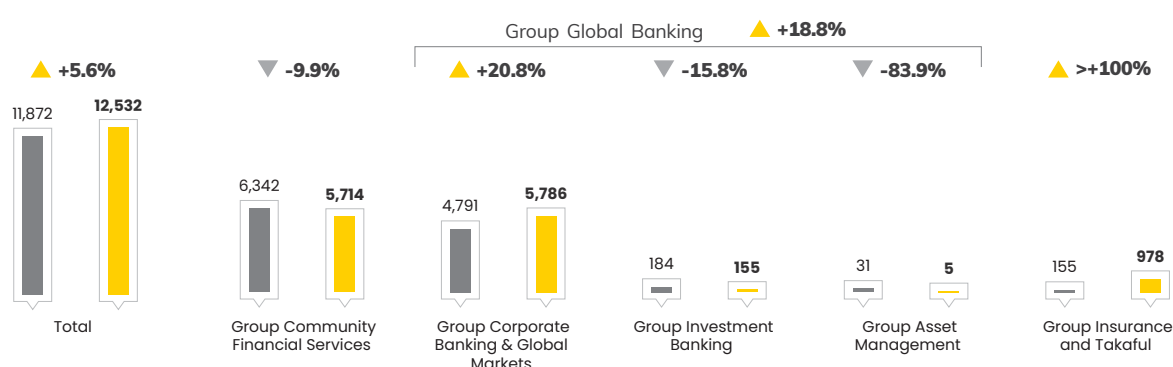
Net Operating Income (RM' million)



Note:

Total net operating income includes Head Office & Others of RM106 million for FY 31 December 2023 and RM369 million for FY 31 December 2022.

Profit Before Taxation and Zakat (RM' million)



Note:

Total profit before taxation and zakat includes Head Office & Others of RM106 million for FY 31 December 2023 and RM369 million for FY 31 December 2022.

* Restated FY2022 comparative information as MFRS 17 has replaced MFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023.

Financial Statements



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Statement of Directors' Responsibilities

in respect of the Audited Financial Statements for the Financial Year Ended 31 December 2023

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 2023, 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 FY2023 FINANCIAL RESULTS

The Group recorded profit after tax and zakat attributable to equity holders of the Bank of RM9,349.8 million in FY2023, an increase of RM1,389.3 million from FY2022.

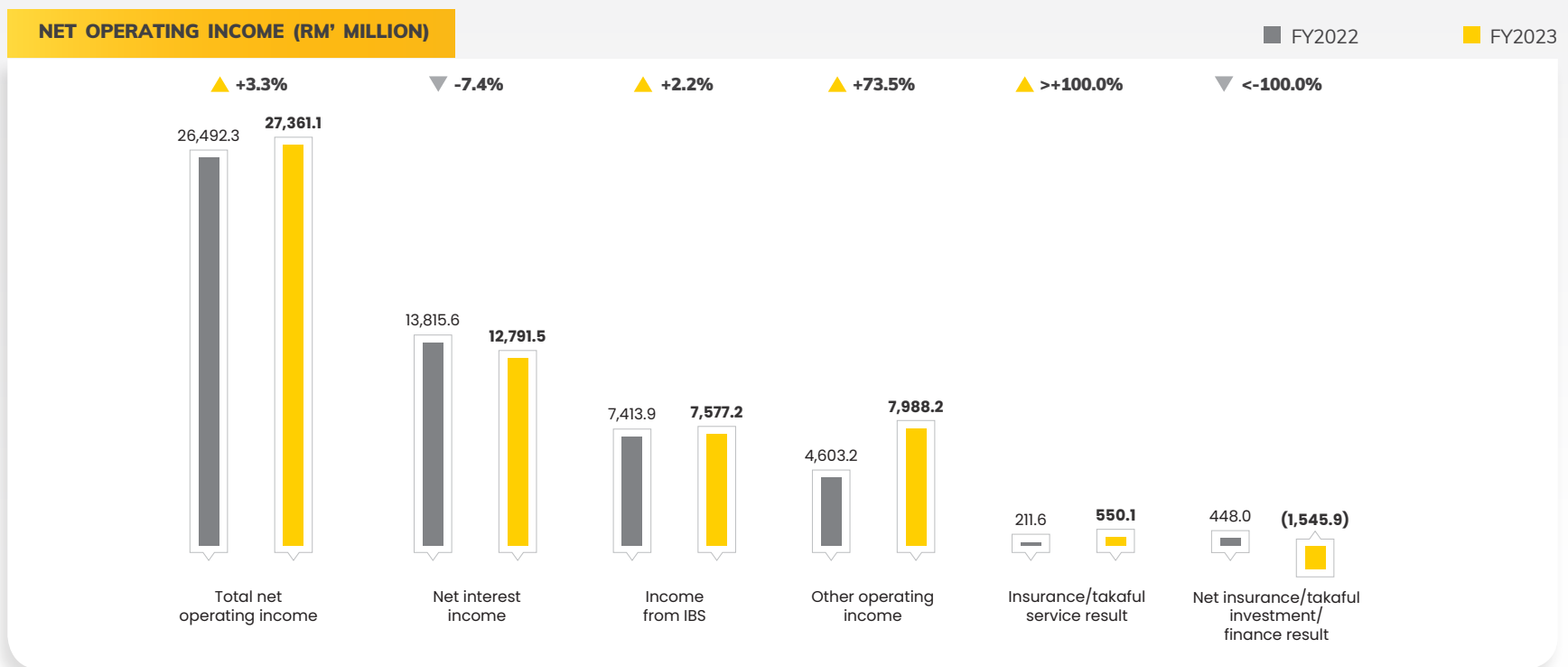
The better results were driven by higher net operating income of RM868.8 million on the back of improved regional economic activities and significant improvement in net allowances for impairment losses on loans, advances, financing and other debts of RM356.5 million.

These were, however, offset by lower net insurance income of RM1,655.4 million and lower net interest income of RM1,024.1 million.

The higher other operating income was mainly supported by income growth from gains in treasury and markets as well as core fees.

NET OPERATING INCOME

The Group's net operating income increased by 3.3% year-on-year ("YoY"), stood at RM27,361.1 million from RM26,492.3 million in FY2022. The improvement of RM868.8 million was significantly attributable to higher other operating income of RM3,385.0 million and higher income from Islamic Banking Scheme ("IBS") operations of RM163.3 million. The increases were, however, offset by higher interest expense of RM9,645.7 million and lower insurance/takaful income of RM1,665.4 million.



Analysis of Financial Statements

NET INTEREST INCOME

The Group's net interest income declined by RM1,024.1 million with net interest margin compressed by 27 basis points from 2.39% in FY2022 to 2.12% in FY2023 on higher funding costs led by previous interest rate hikes in 2022 and 2023, as well as continued deposit competition.

RM' million	FY2022 Restated	FY2023	Variance	% Change
Interest Income				
Loans, advances and financing	14,754.1	20,547.4	5,793.3	39.3%
Money at call and deposit and placements with financial institutions	675.1	1,409.7	734.6	>100.0%
Financial investments portfolio	6,095.5	7,431.7	1,336.2	21.9%
Other interest income	84.3	841.8	757.5	>100.0%
	21,609.0	30,230.6	8,621.6	39.9%
Interest Expense				
Deposits and placements from financial institutions	846.5	2,067.7	1,221.2	>100.0%
Deposits from customers	4,853.2	11,142.0	6,288.8	>100.0%
Borrowings, subordinated obligations and capital securities	1,440.4	2,040.4	600.0	41.7%
Financial liabilities at fair value through profit or loss	351.8	854.9	503.1	>100.0%
Structured deposit	93.8	271.5	177.7	>100.0%
Obligations on financial assets sold under repurchase agreements	207.7	1,062.6	854.9	>100.0%
	7,793.4	17,439.1	9,645.7	>100.0%
Net Interest Income	13,815.6	12,791.5	(1,024.1)	(7.4%)

INCOME FROM IBS OPERATIONS

Income from IBS operations increased RM163.3 million YoY as a result of higher fee-based income of RM503.9 million, offset by decrease in fund-based income of RM340.6 million.

The growth in fee-based income was significantly driven by an increase in foreign exchange profit of RM248.6 million and an increase in net gain on disposal of financial investments portfolio of RM139.6 million.

On the other hand, the fund-based income decreased as a result of higher income attributable to depositors of RM2,422.5 million outpacing the increase in its total finance income of RM2,082.9 million.

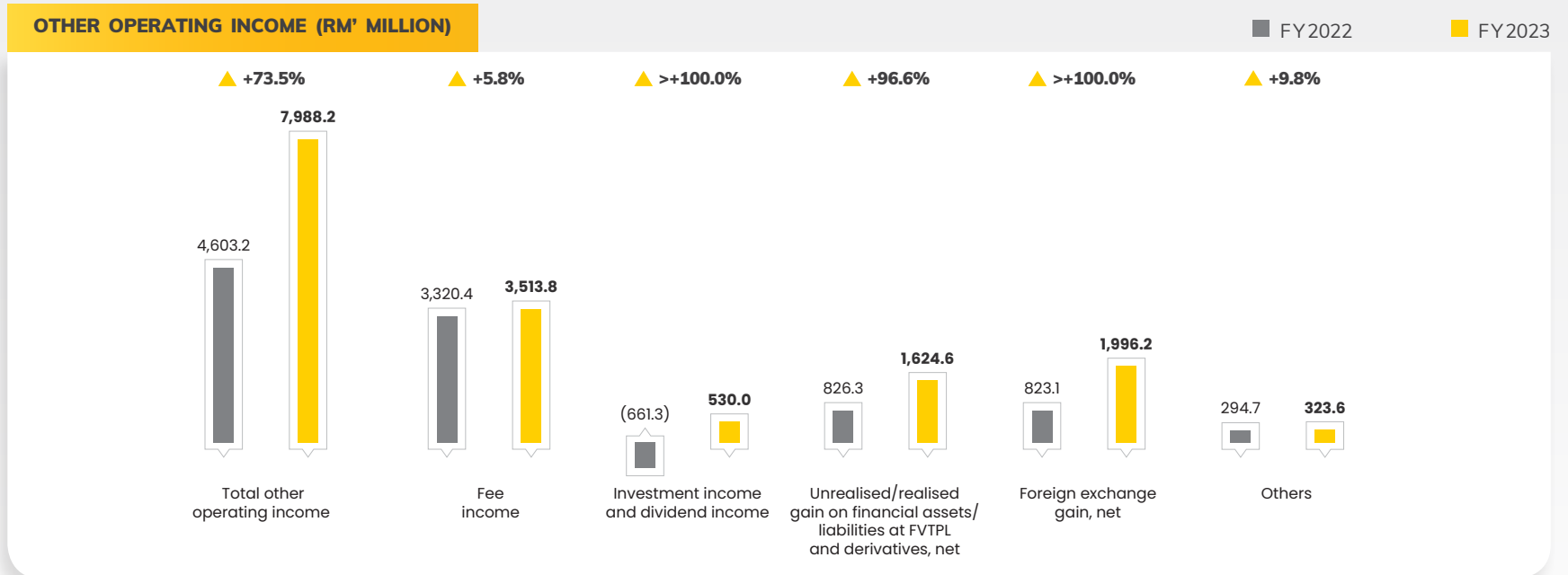


Analysis of Financial Statements

OTHER OPERATING INCOME

The Group's other operating income increased by RM3,385.0 million or 73.5% YoY from RM4,603.2 million in FY2022 to RM7,988.2 million in FY2023, mainly due to unrealised gain on revaluation of financial assets and derivatives at FVTPL of RM639.5 million in FY2023 as compared to an unrealised loss of RM3,620.6 million in FY2022, net gain on disposal of financial investments at FVOCI of RM225.6 million as compared to a net loss of RM220.4 million in FY2022, net gain on disposal of financial assets at FVTPL of RM94.3 million in FY2023 as compared to a net loss of RM624.5 million in FY2022, and higher foreign exchange gain of RM1,173.1 million.

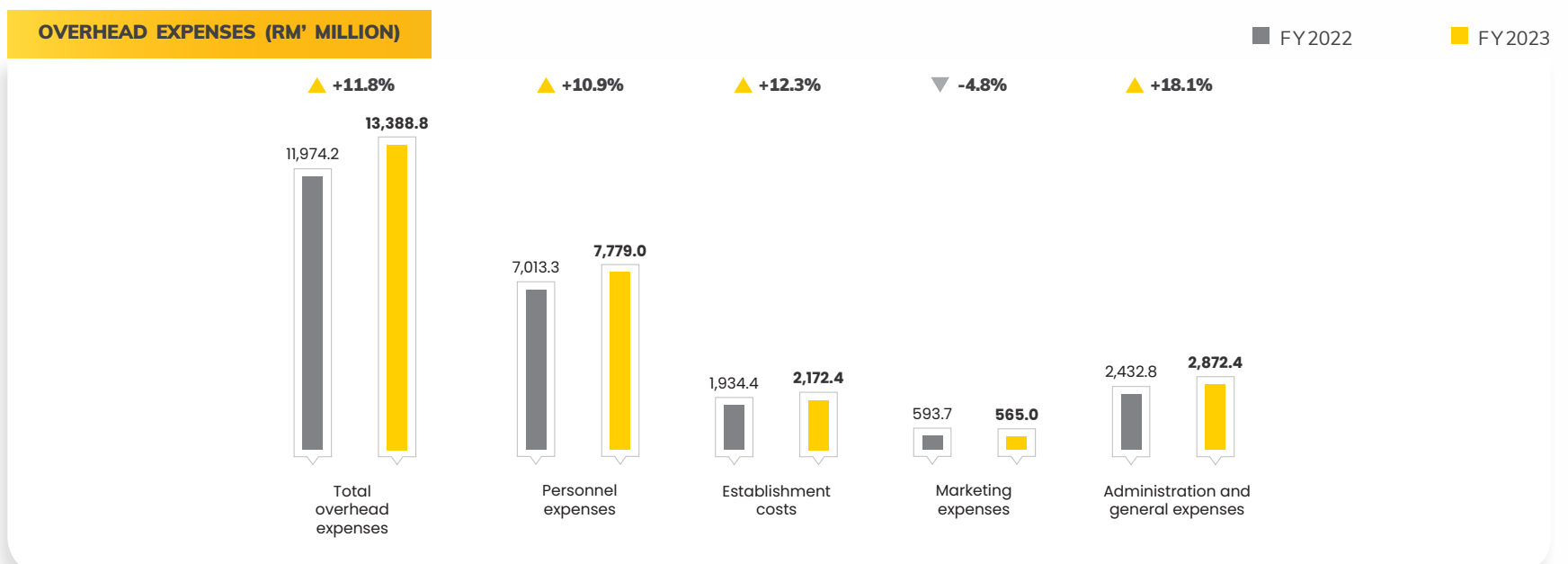
The increases above were, however, offset by lower unrealised gain on revaluation of financial liabilities at FVTPL of RM2,505.6 million, and realised loss on derivatives of RM60.1 million in FY2023 as compared to realised gain of RM896.1 million in FY2022.



OVERHEAD EXPENSES

The Group's overhead expenses expanded by RM1,414.6 million or 11.8% YoY from RM11,974.2 million in FY2022 to RM13,388.8 million in FY2023 with cost to income ratio stood at 48.9% in FY2023.

The increase in overhead were significantly driven by higher personnel costs of RM765.7 million due to inflationary adjustments, fees and brokerage of RM297.6 million, information technology expenses of RM146.2 million and credit card related fees on higher billings. The increases were, however, offset by a decrease in marketing expenses of RM28.7 million.

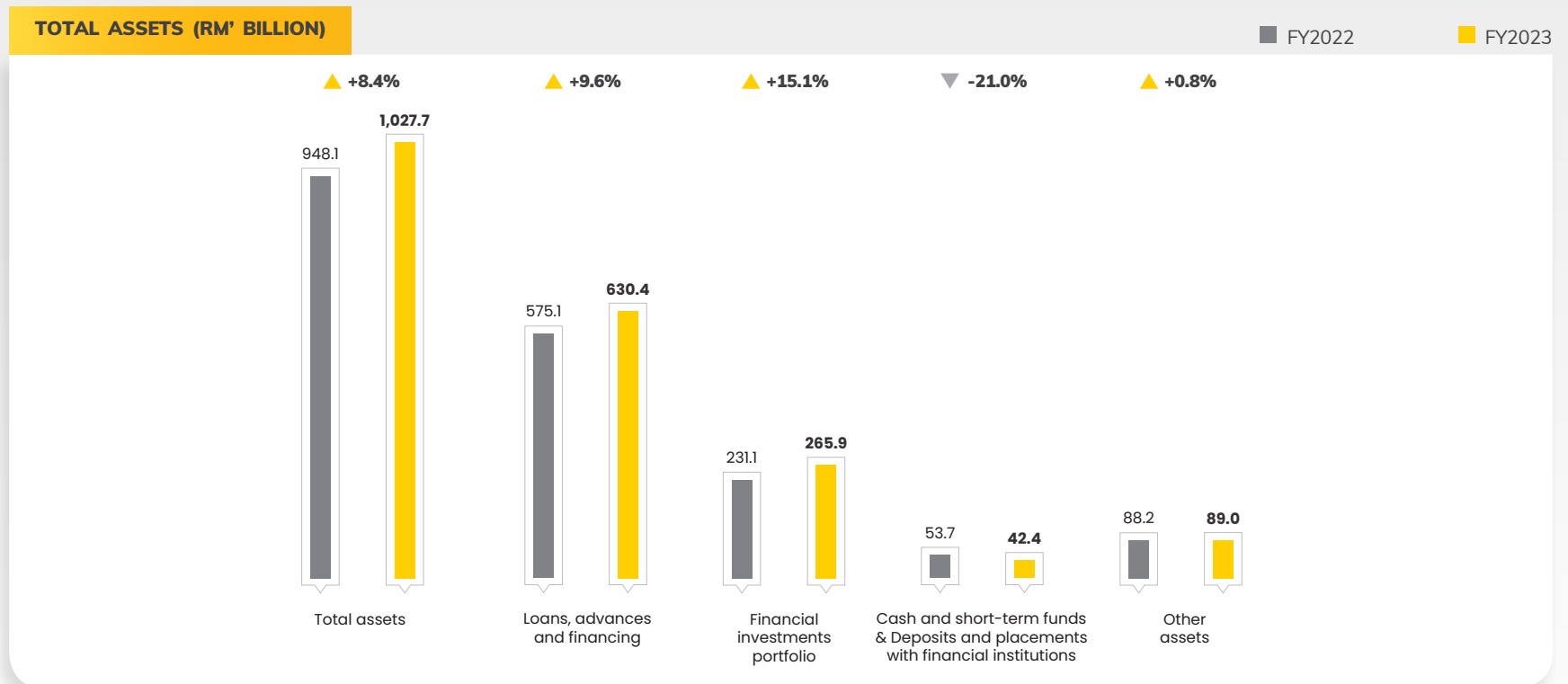


Analysis of Financial Statements

REVIEW OF FY2023 FINANCIAL POSITION

TOTAL ASSETS

The Group's total assets grew by RM79.5 billion or 8.4% YoY from RM948.1 billion in FY2022 to RM1,027.7 billion in FY2023, which was largely driven by the growth in loans, advancing and financing of RM55.3 billion, financial investments portfolio of RM34.8 billion and statutory deposits with central banks of RM2.0 billion.



LOANS, ADVANCES AND FINANCING

The Group's loans, advances and financing grew 9.6% YoY to RM630.4 billion as at 31 December 2023 from RM575.1 billion as at 31 December 2022, driven mainly by steady growth from the Community Financial Services ("CFS") franchise across our home markets and the Global Banking ("GB") operations in Singapore. For more information, refer to 'Reflections from Our Group Chief Financial Officer' section of the Integrated Annual Report.

FINANCIAL INVESTMENTS PORTFOLIO

The Group's financial investments portfolio expanded by RM34.8 billion to RM265.9 billion as at 31 December 2023 arising from the growth in financial investments at amortised cost of RM12.6 billion, financial investments at fair value through profit or loss of RM10.8 billion and financial investments at fair value through other comprehensive income of RM10.8 billion.

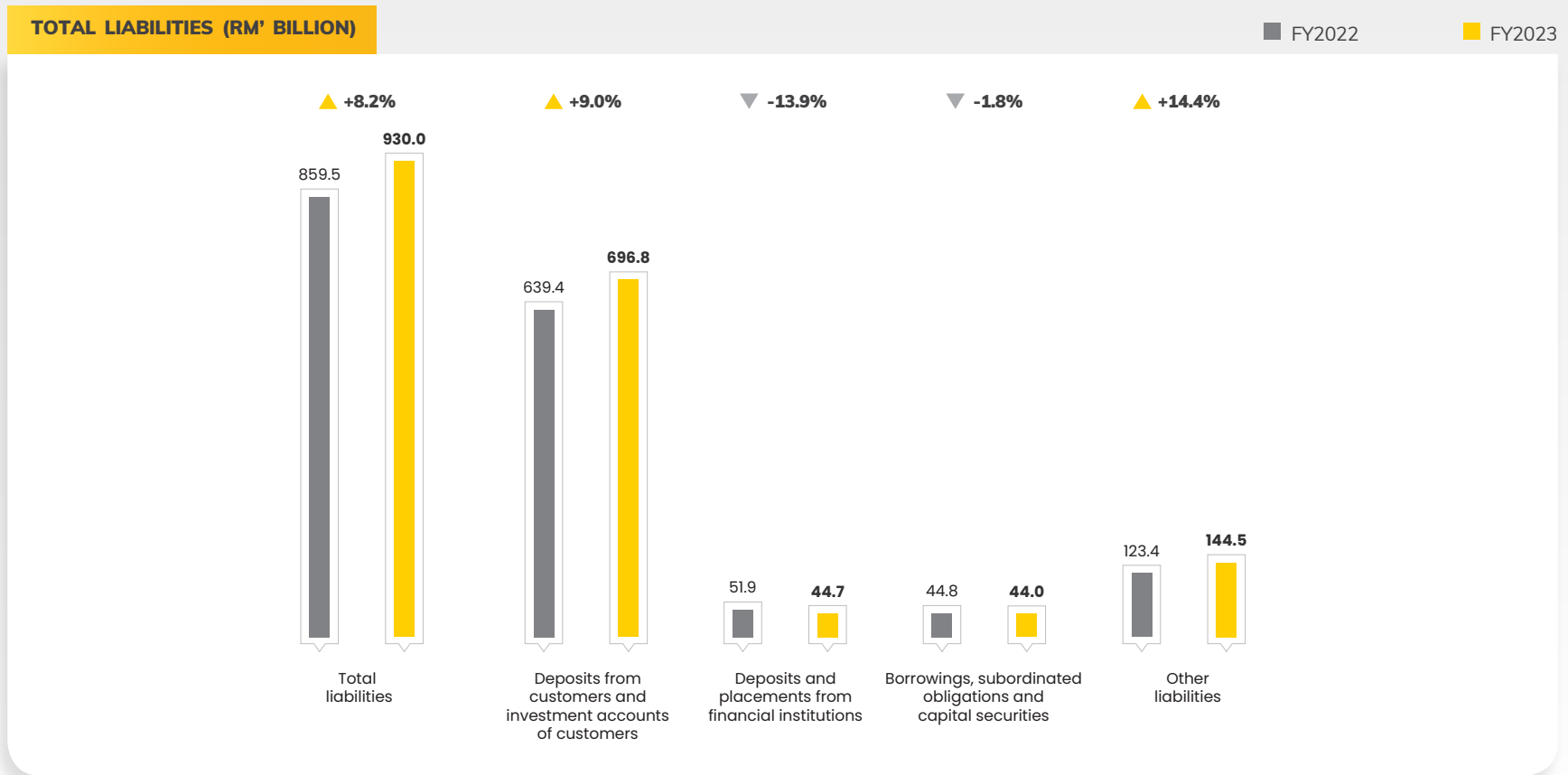


Analysis of Financial Statements

TOTAL LIABILITIES

The Group's total liabilities expanded to RM930.0 billion as at 31 December 2023, an increase of 8.2% or RM70.5 billion. The higher total liabilities was mainly attributable to growth in deposits from customers and investment accounts of customers of RM57.4 billion and obligations on financial assets sold under repurchase agreements of RM22.5 billion.

The above increases were, however, mitigated by the decrease in deposits and placements from financial institutions of RM7.2 billion.



DEPOSITS FROM CUSTOMERS AND INVESTMENT ACCOUNTS OF CUSTOMERS

The Group's deposits from customers and investment accounts of customers expanded 9.0% YoY, led by growth of 13.5% and 9.4% in Singapore and Indonesia respectively. While growth in Group deposits was led by total fixed deposits (FDs) growth of 11.2% to RM321.0 billion and other deposits such as money market deposits, the Group's CASA deposits remained healthy at RM257.3 billion with CASA ratio of 36.9%. For more information, refer to 'Reflections from Our Group Chief Financial Officer' section of the 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 2023.

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 64(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	12,531,601	9,761,872
Taxation and zakat	(2,916,739)	(1,489,079)
Profit for the financial year	9,614,862	8,272,793
Attributable to:		
Equity holders of the Bank	9,349,780	8,272,793
Non-controlling interests	265,082	-
	9,614,862	8,272,793

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, 15, 17, 26, 44, 45 and 46 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 emerging risks as disclosed in Note 3.4 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Bank since 31 December 2022 (as disclosed in Note 51(c) to the financial statements) were as follows:

	RM'000
In respect of the financial year ended 31 December 2022 as reported in the directors' report of that year:	
A single-tier second interim cash dividend of 30.0 sen per ordinary share, on 12,054,127,092 ordinary shares, declared on 27 February 2023 and paid on 24 March 2023.	3,616,238
In respect of the financial year ended 31 December 2023:	
A single-tier first interim cash dividend of 29.0 sen per ordinary share, on 12,054,127,092 ordinary shares, declared on 30 August 2023 and paid on 27 September 2023.	3,495,697
	7,111,935

Subsequent to the financial year end, on 28 February 2024, the Board of Directors declared a single-tier second interim cash dividend in respect of the current financial year ended 31 December 2023 of 31.0 sen per ordinary share amounting to dividend payable of RM3,740,755,180 (based on 12,066,952,192 ordinary shares issued as at 28 February 2024).

The financial statements for the current financial year ended 31 December 2023 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 2024.



Directors' Report

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

The existing ESGP ("ESGP2018") is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 6 April 2017 and was implemented on 14 December 2018 for a period of seven (7) years from the effective date. A total of five (5) awards have been made under the ESGP2018 from 2018 to 2022. Three (3) out of the five (5) awards made have been vested to eligible employees in 2021 to 2023 whilst balance of the two (2) awards will vest in 2024 and 2025 respectively. The last tranche of the ESGP Award (i.e. fifth ESGP Award) under the existing plan was made in September 2022 and will vest in 2025. Starting from 2023, there will be no additional new awards to be issued to staff under the ESGP2018.

As continuation of the existing employees' share grant plan, the shareholders at EGM held on 3 May 2023 has approved for the establishment of a new ESGP plan ("ESGP2023"). This plan will run concurrently with ESGP2018 until its expiration. The ESGP2023 was implemented on 20 September 2023 for eligible talents and senior management. The features of the ESGP2023 are similar to the ESGP2018 with the exception being the plan period i.e. 10 years as compared to ESGP2018 of 7 years. The first award under the ESGP2023 was made in September 2023 will vest in 2026 subject to fulfilment of the ESGP vesting conditions as well as meeting the performance criteria at the Maybank Group and individual levels.

Both ESGP2018 and ESGP2023 are administered by the Nomination and Remuneration Committee of the Board ("NRC").

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.

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 ESGP schemes.

Details on the key features of the ESGP and CESGP are disclosed in Note 32(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
ESGP2018		
14.12.2018 - First Grant	12,392	Based on 3-year cliff vesting from grant date and performance metrics
30.09.2019 - Second Grant	13,118	
30.09.2020 - Third Grant	13,541	
30.09.2021 - Fourth Grant	14,084	
30.09.2022 - Fifth Grant	15,472	
ESGP2023		
20.09.2023 - First Grant	19,582	Based on 3-year cliff vesting from grant date and performance metrics

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

Directors' Report

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

Award date	Number of CESGP awarded* '000	Vesting date
ESGP2018		
14.12.2018 - First Grant	4,103	Based on 3-year cliff vesting from grant date and CESGP vesting conditions
30.09.2019 - Second Grant	5,000	
30.09.2020 - Third Grant	5,378	
30.09.2021 - Fourth Grant	5,616	
30.09.2022 - Fifth Grant	6,006	
ESGP2023		
20.09.2023 - First Grant	7,390	Based on 3-year cliff vesting from grant date and CESGP vesting conditions

* 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 2023, a total of 5,992,400 ESGP Shares and 2,235,000 CESGP under the Third Grant had been vested to a selected group of eligible employees. The remaining grants have not been vested as at 31 December 2023.

The following table illustrates the number of, and movements in, ESGP Shares during the financial year ended 31 December 2023:

Award date	Outstanding as at 01.01.2023 '000	Movements during the financial year			Outstanding as at 31.12.2023 '000
		Awarded '000	Vested '000	Forfeited '000	
ESGP2018					
30.09.2020 - Third Grant	11,850	-	(5,992)	(5,858)	-
30.09.2021 - Fourth Grant	13,162	-	-	(658)	12,504
30.09.2022 - Fifth Grant	15,472	-	-	(599)	14,873
ESGP2023					
20.09.2023 - First Grant	-	19,582	-	-	19,582
	40,484	19,582	(5,992)	(7,115)	46,959

The following table illustrates the number of, and movements in, CESGP during the financial year ended 31 December 2023:

Award date	Outstanding as at 01.01.2023 '000	Movements during the financial year			Outstanding as at 31.12.2023 '000
		Awarded '000	Vested '000	Forfeited '000	
ESGP2018					
30.09.2020 - Third Grant	4,514	-	(2,235)	(2,279)	-
30.09.2021 - Fourth Grant	5,176	-	-	(357)	4,819
30.09.2022 - Fifth Grant	6,006	-	-	(319)	5,687
ESGP2023					
20.09.2023 - First Grant	-	7,390	-	-	7,390
	15,696	7,390	(2,235)	(2,955)	17,896



Directors' Report

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

Executive Director and Key Management Personnel who have been awarded with the ESGP shares and CESGP during the financial year ended 31 December 2023:

Name	Number of ESGP Shares awarded '000	Number of CESGP awarded '000
Dato' Khairussaleh bin Ramli	409	–
Other Key Management Personnel	2,519	578

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 2023:

- (i) During the financial year ended 31 December 2023, the Bank increased its issued and paid-up ordinary shares from 12,054,127,092 units to 12,060,236,592 units via issuance of 6,109,500 new ordinary shares amounting to RM54,252,360 arising from the ESGP, as disclosed in Note 32(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 2023, the Group and the Bank made various issuances and redemptions of debt securities, as disclosed in Notes 25, 29, 30 and 31 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 Ir. Zamzamzairani bin Mohd Isa (Chairman)
 Dato' Khairussaleh bin Ramli (President & Group Chief Executive Officer)
 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
 Datuk Yee Yang Chien (Appointed on 24 November 2023)
 Datuk R. Karunakaran (Retired on 3 May 2023)
 Mr Cheng Kee Check (Retired on 18 November 2023)

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' Report

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 43 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.

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 01.01.2023	Issued pursuant to ESGP	Issued pursuant to DRP	As at 31.12.2023
Direct interest				
Ms Fauziah binti Hisham	21,435	-	-	21,435
Indirect interest				
Ms Shirley Goh*	10,090	-	-	10,090

* Interest by virtue of shares held by spouse.

	Award date	Outstanding as at 01.01.2023	Movements during the financial year			Outstanding as at 31.12.2023
			Awarded	Vested	Forfeited	
Dato' Khairussaleh bin Ramli						
	ESGP2018					
	30.09.2022 - Fifth Grant	300,000	-	-	-	300,000
	ESGP2023					
	20.09.2023 - First Grant	-	409,000	-	-	409,000
		300,000	409,000	-	-	709,000

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



Directors' Report

RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating agency	Date	Rating classification	Rating received
Standard & Poor's ("S&P")	13 October 2023	Issuer Credit Rating	A-/Stable/A-2
		Junior Subordinated	BB+
		Senior Unsecured	A-
		Senior Unsecured Subordinated	A-2 BBB
Moody's Investors Service	26 June 2023	Outlook	Stable
		Bank Deposits	A3/P-2
		Baseline Credit Assessment	a3
		Adjusted Baseline Credit Assessment	a3
		Counterparty Risk Assessment	A2(cr)/P-1(cr)
		Senior Unsecured	A3
		Subordinate	(P)Baa2
		Preference Stock Non-Cumulative MTN	(P)Baa3
		Commercial Paper	P-2
		Counterparty Risk Ratings	A2/P-1
RAM Ratings	21 November 2023	Financial Institution Ratings	AAA/Stable/P1
		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 Senior Medium Term Note Programme (2015/-)	AAA/Stable
RM10 billion Commercial Paper/Medium Term Note Programme (2023/2030)	AAA/Stable/P1		
Japan Credit Rating Agency	31 January 2024	Foreign Currency Long-term Issuer Rating	A+
		Outlook	Stable
		Bonds	A+

Directors' Report

BUSINESS OUTLOOK

Global GDP growth is expected to moderate to 2.8% in 2024 (2023: 3.3%) reflecting a softer outlook for major economies such as the US (2024: 1.0%; 2023: 2.5%) and China (2024: 4.4%; 2023: 5.2%). However, ASEAN growth is set to be firmer at 4.5% in 2024 (2023: 4.0%) supported by resilient domestic demand and sustained tourism, as well as the recovery in technology-related manufacturing products and exports following the improved global electronics demand since late 2023.

Malaysia's economy is estimated to grow at a faster pace of 4.4% in 2024 (2023: 3.7%) driven by a rebound in export of goods and services amid sustained consumer spending and investment growth. Bank Negara Malaysia is expected to maintain the Overnight Policy Rate at 3.00% in 2024 given the upside risk to inflation from potential subsidy rationalisation and an anticipated rate hike in sales and service tax.

Singapore's GDP growth is forecasted to be stronger and more balanced at 2.2% in 2024 (2023: 1.1%) as the manufacturing sector recovers while spending in the services sector normalises. Better growth outlook is anticipated in exports, manufacturing, trade-related and services sectors. Core and headline inflation is anticipated to average at about 2.8% and 3% respectively in 2024, due to the Goods & Services Tax hikes, carbon taxes and wage cost pressures. However, headline inflation will be capped by lower private transport prices while accommodation inflation should ease.

Indonesia's GDP growth is projected to remain at 5.1% in 2024 (2023: 5.0%) supported by a modest election boost, policy support and a resilient labour market. There could be lingering uncertainty related to business investments as firms wait for more clarity on post-election policies. Exports will remain subdued on easing commodity prices. Core inflation may ease to 3% in 2024. Bank Indonesia is expected to reduce its policy rate in the second half of 2024 depending on market conditions.

Given the improved regional economic outlook, Maybank Group is poised to capitalise on identified business growth in key areas of Group Community Financial Services, Group Global Banking and Group Insurance & Takaful in the home markets. The focus will cut across fund based and fee based income, leveraging the Group's regional presence and sizeable customer base. The Group will advance the application of value based banking principles through its solutions and services as a strategic differentiator to drive economic value and in line with its mission of Humanising Financial Services. In continuing to manage risks appropriately, robust asset quality, sound liquidity and strong capital will remain top priorities.

Roll out of digital solutions will be accelerated in line with holistic, regional digital business model to address end-to-end customer lifestyle and business needs to deepen relationships with existing customers and acquire new customers, applying the Agile ways of working aligned to M25+. Investments will be made to ensure enablers and capabilities are able to cope with the business and operational needs.

Barring any unforeseen circumstances, the Group targets to achieve a Headline Key Performance Indicator (KPI) of return on equity of 11% for FY2024.

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.



Directors' Report

OTHER STATUTORY INFORMATION (CONT'D.)

- (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 61 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 2024 to 28 February 2024.

AUDITORS

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

Auditors' remuneration is disclosed in Note 42 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 28 February 2024.

Tan Sri Dato' Sri Ir. Zamzamzairani 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 Ir. Zamzamzairani 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 29 to 302 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 2023 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 28 February 2024.

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

Dato' Khairussaleh bin Ramli

Statutory Declaration

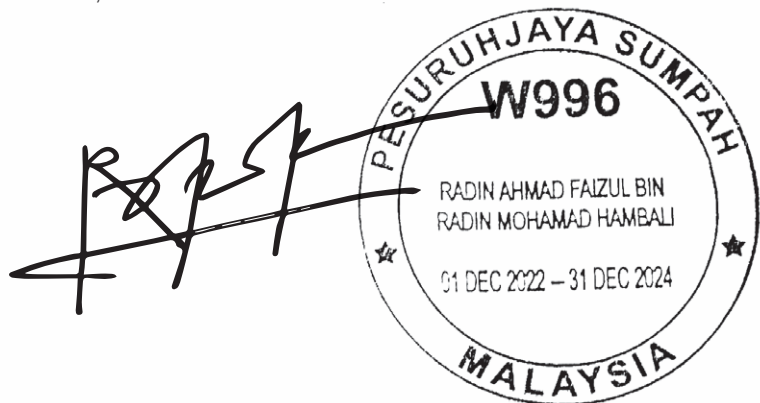
Pursuant to Section 251(1)(b) of the Companies Act 2016

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 29 to 302 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 28 February 2024.

Before me,



Commissioner for Oaths

Lot A-8, Tingkat Bawah
Pudu Sentral, Jalan Pudu
55100 Kuala Lumpur



Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malayan Banking Berhad, which comprise the statements of financial position as at 31 December 2023 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 material accounting policy information, as set out on pages 29 to 302.

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 2023, 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 2023 stood at RM6.0 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 2023, the carrying amount of investment in subsidiaries (Bank only) stood at RM34.5 billion and interest in associates (Group and Bank) stood at RM2.1 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 uncertainties from emerging risks.</p> <p>Refer to <i>summary of material accounting policy information 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 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 2023, the loans, advances and financing represent 61.3% and 48.7% of the total assets of the Group and of the Bank respectively, and the investments carried at amortised cost and fair value through other comprehensive income represent 21.1% and 24.3% 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 uncertainties from emerging risks.</p> <p>Refer to summary of material accounting policy information 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, 44, 45, 53(b), 53(c) and 53(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 modelling approaches, parameters and assumptions are needed and if any changes made were appropriate. We also assessed and tested and monitored the sensitivity of the credit loss provisions to changes in modelling assumptions. In assessing the management overlays applied in the ECL amid current environment uncertainties from 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 uncertainties from 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.

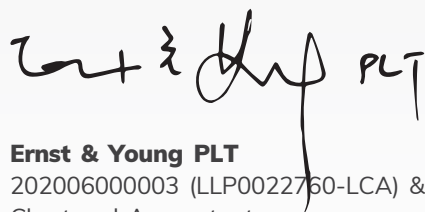
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless 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 64 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
28 February 2024



Chan Hooi Lam
No. 02844/02/2026 J
Chartered Accountant



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Statements of Financial Position

As at 31 December 2023

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Assets					
Cash and short-term funds	5	28,904,035	37,573,869	20,060,300	29,590,431
Deposits and placements with financial institutions	6	13,471,607	16,095,978	27,639,111	28,358,259
Financial assets purchased under resale agreements	7(i)	17,344,364	14,968,762	15,680,716	14,330,476
Financial assets designated upon initial recognition at fair value through profit or loss	8	13,378,789	12,822,800	–	–
Financial investments at fair value through profit or loss	9	35,970,200	25,143,208	21,757,370	13,978,475
Financial investments at fair value through other comprehensive income	10	132,182,135	121,366,990	73,299,044	73,551,480
Financial investments at amortised cost	11	84,384,398	71,756,942	65,738,592	46,234,128
Loans, advances and financing to financial institutions	12(i)	1,499,258	1,361,712	43,303,631	31,304,965
Loans, advances and financing to customers	12(ii)	628,922,780	573,765,662	235,022,856	213,831,963
Derivative assets	13	21,647,554	24,686,755	21,476,761	24,293,832
Insurance contract/takaful certificate assets	14(i)	123,204	76,787	–	–
Reinsurance contract/retakaful certificate assets	14(ii)	5,698,832	7,576,222	–	–
Other assets	15	12,665,956	11,452,663	6,258,105	7,229,657
Investment properties	16	1,019,958	988,895	–	–
Statutory deposits with central banks	17	15,739,735	13,777,324	4,691,146	2,728,211
Investment in subsidiaries	18	–	–	34,486,241	33,860,627
Interest in associates and joint ventures	19	2,105,534	2,207,244	438,859	438,859
Property, plant and equipment	20	2,309,246	2,142,065	868,825	869,693
Right-of-use assets	21	1,636,137	1,176,776	519,635	550,311
Intangible assets	22	7,361,911	6,747,125	543,296	425,796
Deferred tax assets	28	1,308,986	2,442,304	83,505	1,099,262
Total assets		1,027,674,619	948,130,083	571,867,993	522,676,425
Liabilities					
Customers' funding:					
– Deposits from customers	23	670,359,336	614,895,094	299,676,139	274,854,161
– Investment accounts of customers*	63(t)	26,475,396	24,500,981	–	–
Deposits and placements from financial institutions	24	44,676,892	51,893,780	58,221,783	66,794,444
Obligations on financial assets sold under repurchase agreements	7(ii)	38,072,708	15,585,836	57,152,843	26,290,296
Derivative liabilities	13	25,082,955	27,874,325	24,554,173	27,190,450
Financial liabilities at fair value through profit or loss	25	8,766,563	8,317,084	8,766,563	8,317,084
Bills and acceptances payable		1,133,170	1,810,954	442,847	1,212,731
Insurance contract/takaful certificate liabilities	14(i)	44,497,551	42,497,471	–	–
Reinsurance contract/retakaful certificate liabilities	14(ii)	83,001	749,188	–	–
Other liabilities	26	25,940,928	25,946,083	9,178,066	9,801,242
Provision for taxation and zakat	27	239,389	372,376	–	–
Deferred tax liabilities	28	685,646	271,612	–	–
Borrowings	29	31,037,570	31,736,007	22,785,069	22,486,167
Subordinated obligations	30	10,145,549	10,238,389	9,831,248	9,830,233
Capital securities	31	2,829,802	2,828,817	2,829,802	2,828,817
Total liabilities		930,026,456	859,517,997	493,438,533	449,605,625
Equity attributable to equity holders of the Bank					
Share capital	32	54,673,596	54,619,344	54,673,596	54,619,344
Shares held-in-trust	32(d)	(1,203)	(198)	(1,203)	(198)
Retained profits	33	31,672,801	29,450,452	15,822,764	14,936,379
Reserves	34	8,296,423	1,676,585	7,934,303	3,515,275
		94,641,617	85,746,183	78,429,460	73,070,800
Non-controlling interests		3,006,546	2,865,903	–	–
		97,648,163	88,612,086	78,429,460	73,070,800
Total liabilities and shareholders' equity		1,027,674,619	948,130,083	571,867,993	522,676,425
Commitments and contingencies	52	1,855,617,668	1,526,306,198	1,742,985,421	1,422,559,344
Net assets per share attributable to equity holders of the Bank		RM7.85	RM7.11	RM6.50	RM6.06

* Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(l).

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



Income Statements

For the financial year ended 31 December 2023

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Operating revenue	35	64,466,824	49,416,216	34,259,569	26,611,664
Interest income	36	30,230,550	21,608,927	21,179,981	14,589,344
Interest expense	37	(17,439,028)	(7,793,342)	(13,926,842)	(6,207,624)
Net interest income		12,791,522	13,815,585	7,253,139	8,381,720
Income from Islamic Banking Scheme operations	63(b)	7,577,195	7,413,866	–	–
		20,368,717	21,229,451	7,253,139	8,381,720
Insurance/takaful service result	38	550,098	211,692	–	–
Dividends from subsidiaries and associates	39	–	–	3,534,284	3,498,845
Other operating income	40	7,988,177	4,603,171	5,846,934	4,329,736
Total operating income		28,906,992	26,044,314	16,634,357	16,210,301
Net insurance/takaful investment/finance result	41	(1,545,851)	447,964	–	–
Net operating income		27,361,141	26,492,278	16,634,357	16,210,301
Overhead expenses	42	(13,388,800)	(11,974,192)	(6,296,175)	(5,752,055)
Operating profit before impairment losses		13,972,341	14,518,086	10,338,182	10,458,246
Allowances for impairment losses on loans, advances, financing and other debts, net	44	(1,826,212)	(2,182,735)	(571,491)	(1,895,560)
Writeback of/(allowances for) impairment losses on financial investments, net	45	180,563	(523,384)	(6,310)	97,193
(Allowances for)/writeback of impairment losses on other financial assets, and interest in associates, net	46	(35,416)	(71,107)	1,491	(20,514)
Operating profit		12,291,276	11,740,860	9,761,872	8,639,365
Share of profits in associates and joint ventures	19	240,325	130,850	–	–
Profit before taxation and zakat		12,531,601	11,871,710	9,761,872	8,639,365
Taxation and zakat	47	(2,916,739)	(3,896,134)	(1,489,079)	(1,668,446)
Profit for the financial year		9,614,862	7,975,576	8,272,793	6,970,919
Attributable to:					
Equity holders of the Bank		9,349,780	7,960,526	8,272,793	6,970,919
Non-controlling interests		265,082	15,050	–	–
		9,614,862	7,975,576	8,272,793	6,970,919
Earnings per share attributable to equity holders of the Bank					
Basic (sen)	50(a)	77.6	66.5		
Diluted (sen)	50(b)	77.6	66.5		
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 2023	51			29.00	–
Paid - Second interim for the financial year ended 31 December 2022	51			30.00	–
Paid - First interim for the financial year ended 31 December 2022	51			–	28.00
Paid - Second interim for the financial year ended 31 December 2021	51			–	30.00
Declared - Second interim for the financial year ended 31 December 2023	51(a)			31.00	–
Declared - Second interim for the financial year ended 31 December 2022				–	30.00

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

Statements of Comprehensive Income

For the financial year ended 31 December 2023

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Profit for the financial year		9,614,862	7,975,576	8,272,793	6,970,919
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial gain	26(i)(b)	26,677	40,673	–	–
Income tax effect	28	(4,276)	(8,485)	–	–
Net gain from change in fair value on equity instruments at fair value through other comprehensive income		32,941	18,020	24,944	21,725
		55,342	50,208	24,944	21,725
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on debt instruments at fair value through other comprehensive income		5,136,454	(2,969,060)	3,561,658	(2,132,250)
– Net gain/(loss) from change in fair value		6,526,707	(3,680,793)	4,585,541	(2,641,961)
– Changes in expected credit losses		57,082	(85,020)	51,779	(74,295)
– Income tax effect	28	(1,447,335)	796,753	(1,075,662)	584,006
Net gain on foreign exchange translation		2,013,920	653,475	567,790	490,458
Cost of hedging for fair value hedge	13	(15,764)	49,699	(15,764)	49,699
Net gain on capital reserve		264	1,140	–	–
Net gain/(loss) on revaluation reserve		472	(443)	–	–
Share of change in associates' reserve		(292,686)	(291,255)	–	–
Net insurance finance/investment result		(269,167)	174,897	–	–
		6,573,493	(2,381,547)	4,113,684	(1,592,093)
Other comprehensive income/(loss) for the financial year, net of tax		6,628,835	(2,331,339)	4,138,628	(1,570,368)
Total comprehensive income for the financial year		16,243,697	5,644,237	12,411,421	5,400,551
Other comprehensive income/(loss) for the financial year, attributable to:					
Equity holders of the Bank		6,598,415	(2,548,467)	4,138,628	(1,570,368)
Non-controlling interests		30,420	217,128	–	–
		6,628,835	(2,331,339)	4,138,628	(1,570,368)
Total comprehensive income for the financial year, attributable to:					
Equity holders of the Bank		15,948,195	5,412,059	12,411,421	5,400,551
Non-controlling interests		295,502	232,178	–	–
		16,243,697	5,644,237	12,411,421	5,400,551

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



Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

Group	Attributable to equity holders of the Bank										Non-Controlling Interests RM'000	Total Equity RM'000
	Non-distributable								*Retained Profits (Note 33) RM'000	Total Shareholders' Equity RM'000		
	Share Capital (Note 32) RM'000	Shares Held-in-trust (Note 32(d)) RM'000	Statutory Reserve (Note 34(a)) RM'000	Regulatory Reserve (Note 34(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 34) RM'000	Exchange Fluctuation Reserve (Note 34) RM'000	ESGP Reserve (Note 34) RM'000	Other Reserves (Note 34(c)) RM'000				
At 1 January 2023												
– as previously stated	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
– effect of adopting MFRS 17 (Note 2.4)	-	-	-	-	9,112	(28,945)	-	63,991	(255,009)	(210,851)	(94,203)	(305,054)
At 1 January 2023, as restated	54,619,344	(198)	429,303	2,465,059	(1,621,607)	470,324	89,687	(156,181)	29,450,452	85,746,183	2,865,903	88,612,086
Profit for the financial year	-	-	-	-	-	-	-	-	9,349,780	9,349,780	265,082	9,614,862
Other comprehensive income/(loss)	-	-	-	-	5,065,432	1,712,844	-	(179,861)	-	6,598,415	30,420	6,628,835
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	20,979	-	20,979	1,422	22,401
Share of associates' reserve	-	-	-	-	14,793	(307,479)	-	-	-	(292,686)	-	(292,686)
Net gain/(loss) on foreign exchange translation	-	-	-	-	-	2,020,323	-	-	-	2,020,323	(6,403)	2,013,920
Net gain on financial investments at fair value through other comprehensive income	-	-	-	-	5,050,639	-	-	-	-	5,050,639	118,756	5,169,395
Cost of hedging for fair value hedge	-	-	-	-	-	-	-	(15,764)	-	(15,764)	-	(15,764)
Net gain on capital reserve	-	-	-	-	-	-	-	250	-	250	14	264
Net gain on revaluation reserve	-	-	-	-	-	-	-	467	-	467	5	472
Net insurance finance/investment result	-	-	-	-	-	-	-	(185,793)	-	(185,793)	(83,374)	(269,167)
Total comprehensive income/(loss) for the financial year	-	-	-	-	5,065,432	1,712,844	-	(179,861)	9,349,780	15,948,195	295,502	16,243,697
Net loss on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	5,670	-	-	-	(5,670)	-	-	-
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 32(c))	-	-	-	-	-	-	54,310	-	4,864	59,174	-	59,174
Effects of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	237	237
Effect of net acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(16,655)	(16,655)
Transfer to statutory reserve (Note 34(a))	-	-	6,557	-	-	-	-	-	(6,557)	-	-	-
Transfer to regulatory reserve (Note 34(b))	-	-	-	8,133	-	-	-	-	(8,133)	-	-	-
Issue of shares pursuant to Maybank Group ESGP	54,252	(1,005)	-	-	-	-	(53,247)	-	-	-	-	-
Dividends paid (Note 51)	-	-	-	-	-	-	-	-	(7,111,935)	(7,111,935)	(138,441)	(7,250,376)
Total transactions with shareholders/other equity movements	54,252	(1,005)	6,557	8,133	5,670	-	1,063	-	(7,127,431)	(7,052,761)	(154,859)	(7,207,620)
At 31 December 2023	54,673,596	(1,203)	435,860	2,473,192	3,449,495	2,183,168	90,750	(336,042)	31,672,801	94,641,617	3,006,546	97,648,163

* Retained profits include distributable and non-distributable profits arising from Non-Distributable Life Funds surplus of an insurance subsidiary. Refer to Note 33 for further details.

Consolidated Statement of Changes in Equity

31 December 2023

Group	Attributable to equity holders of the Bank										Non-Controlling Interests RM'000	Total Equity RM'000
	Non-distributable								*Retained Profits (Note 33) RM'000	Total Shareholders' Equity RM'000		
	Share Capital (Note 32) RM'000	Shares Held-in-trust (Note 32(d)) RM'000	Statutory Reserve (Note 34(a)) RM'000	Regulatory Reserve (Note 34(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 34) RM'000	Exchange Fluctuation Reserve (Note 34) RM'000	ESGP Reserve (Note 34) RM'000	Other Reserves (Note 34(c)) RM'000				
At 1 January 2022												
– as previously stated	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
– effect of adopting MFRS 17 (Note 2.4)	–	–	–	–	4,229	(596)	–	(56,775)	19,414	(33,728)	(14,003)	(47,731)
At 1 January 2022, as restated	53,156,473	(1,274)	332,372	1,315,261	1,238,934	350,681	94,006	(357,899)	29,649,140	85,777,694	2,726,996	88,504,690
Profit for the financial year	–	–	–	–	–	–	–	–	7,960,526	7,960,526	15,050	7,975,576
Other comprehensive (loss)/income	–	–	–	–	(2,869,828)	119,643	–	201,718	–	(2,548,467)	217,128	(2,331,339)
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	–	–	–	–	–	465,317	–	–	–	465,317	188,158	653,475
Net loss on financial investments at fair value through other comprehensive income	–	–	–	–	(2,924,247)	–	–	–	–	(2,924,247)	(26,793)	(2,951,040)
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)
Net insurance finance/investment result	–	–	–	–	–	–	–	120,766	–	120,766	54,131	174,897
Total comprehensive (loss)/income for the financial year	–	–	–	–	(2,869,828)	119,643	–	201,718	7,960,526	5,412,059	232,178	5,644,237
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 32(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 34(a))	–	–	96,931	–	–	–	–	–	(96,931)	–	–	–
Transfer to regulatory reserve (Note 34(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 32(b) & (d))	1,408,424	(4)	–	–	–	–	–	–	–	1,408,420	–	1,408,420
Dividends paid (Note 51)	–	–	–	–	–	–	–	–	(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, as restated	54,619,344	(198)	429,303	2,465,059	(1,621,607)	470,324	89,687	(156,181)	29,450,452	85,746,183	2,865,903	88,612,086

* Retained profits include distributable and non-distributable profits arising from Non-Distributable Life Funds surplus of an insurance subsidiary. Refer to Note 33 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 2023

Bank	Attributable to equity holders of the Bank									
	Share Capital (Note 32) RM'000	Non-distributable							Distributable Retained Profits (Note 33) RM'000	Total Equity RM'000
		Shares Held-in-trust (Note 32(d)) RM'000	Statutory Reserve (Note 34(a)) RM'000	Regulatory Reserve (Note 34(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 34) RM'000	Exchange Fluctuation Reserve (Note 34) RM'000	ESGP Reserve (Note 34) RM'000	Hedge Reserve (Note 34(c)) RM'000		
At 1 January 2023	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
Profit for the financial year	-	-	-	-	-	-	-	-	8,272,793	8,272,793
Other comprehensive income/(loss)	-	-	-	-	3,586,602	567,790	-	(15,764)	-	4,138,628
Net gain on foreign exchange translation	-	-	-	-	-	567,790	-	-	-	567,790
Net gain on financial investments at fair value through other comprehensive income	-	-	-	-	3,586,602	-	-	-	-	3,586,602
Cost of hedging for fair value hedge	-	-	-	-	-	-	-	(15,764)	-	(15,764)
Total comprehensive income/(loss) for the financial year	-	-	-	-	3,586,602	567,790	-	(15,764)	8,272,793	12,411,421
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	(7,523)	-	-	-	7,523	-
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 32(c))	-	-	-	-	-	-	54,310	-	4,864	59,174
Transfer to statutory reserve (Note 34(a))	-	-	6,337	-	-	-	-	-	(6,337)	-
Transfer to regulatory reserve (Note 34(b))	-	-	-	280,523	-	-	-	-	(280,523)	-
Issue of shares pursuant to Maybank Group ESGP	54,252	(1,005)	-	-	-	-	(53,247)	-	-	-
Dividends paid (Note 51)	-	-	-	-	-	-	-	-	(7,111,935)	(7,111,935)
Total transactions with shareholders/ other equity movements	54,252	(1,005)	6,337	280,523	(7,523)	-	1,063	-	(7,386,408)	(7,052,761)
At 31 December 2023	54,673,596	(1,203)	85,340	1,829,556	2,398,837	3,488,890	90,750	40,930	15,822,764	78,429,460

Bank	Attributable to equity holders of the Bank									
	Share Capital (Note 32) RM'000	Non-distributable							Distributable Retained Profits (Note 33) RM'000	Total Equity RM'000
		Shares Held-in-trust (Note 32(d)) RM'000	Statutory Reserve (Note 34(a)) RM'000	Regulatory Reserve (Note 34(b)) RM'000	Fair Value Through Other Comprehensive Income Reserve (Note 34) RM'000	Exchange Fluctuation Reserve (Note 34) RM'000	ESGP Reserve (Note 34) RM'000	Hedge Reserve (Note 34(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 32(c))	-	-	-	-	-	-	51,208	-	17,326	68,534
Transfer to statutory reserve (Note 34(a))	-	-	4,307	-	-	-	-	-	(4,307)	-
Transfer to regulatory reserve (Note 34(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 32(b) & (d))	1,408,424	(4)	-	-	-	-	-	-	-	1,408,420
Dividends paid (Note 51)	-	-	-	-	-	-	-	-	(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

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

Statements of Cash Flows

For the financial year ended 31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	12,531,601	11,871,710	9,761,872	8,639,365
Adjustments for:				
Share of profits in associates and joint ventures (Note 19)	(240,325)	(130,850)	–	–
Depreciation of property, plant and equipment (Note 38(ii) & 42)	322,496	297,091	77,957	77,836
Depreciation of right-of-use assets (Note 38(ii) & 42)	577,684	511,365	116,644	115,958
Amortisation of computer software (Note 38(ii) & 42)	251,126	270,960	69,697	73,519
Finance costs on lease liabilities (Note 38(ii) & 42)	57,595	40,769	15,382	14,315
Gain on disposal of property, plant and equipment (Note 40)	(4,134)	(3,999)	(773)	(1,015)
Gain on disposal of foreclosed properties (Note 40)	(10,202)	(22,891)	–	–
Excess of capital repayment of a subsidiary (Note 40)	–	–	(50,706)	–
Net gain on partial disposal of a deemed controlled structured entity (Note 40)	–	–	(4,264)	–
Net loss on liquidation of subsidiaries (Note 40)	10	–	–	–
Net loss on dilution of interest in associate (Note 40)	–	1,752	–	–
Net (gain)/loss on disposal of financial assets at fair value through profit or loss (Note 40, Note 63(aa) & (ac))	(117,713)	617,074	(323,577)	59,077
Net (gain)/loss on disposal of financial investments at fair value through other comprehensive income (Note 40, Note 63(aa) & (ac))	(372,443)	197,213	(508,349)	(32,567)
Net (gain)/loss on redemption of financial investments at amortised cost (Note 40, Note 63(aa) & (ac))	(5)	1,159	(5)	1,159
Amortisation of premiums/(accretion of discounts), net (Note 36, Note 63(aa) & (ac))	163,952	282,804	(284,733)	(117,133)
Unrealised (gain)/loss on revaluation of financial assets at fair value through profit or loss and derivatives (Note 40, Note 63(aa) & (ac))	(679,195)	3,620,817	423,884	2,840,354
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss (Note 40)	(1,045,215)	(3,550,781)	(1,045,215)	(3,550,781)
Allowances for impairment losses on loans, advances and financing, net (Note 44)	2,464,186	2,735,231	901,065	2,256,059
Allowances for/(writeback of) impairment losses on other debts (Note 44)	19,289	10,886	3,510	(697)
(Writeback of)/allowances for impairment losses on financial investments, net (Note 45)	(180,563)	523,384	6,310	(97,193)
Allowances for/(writeback of) impairment losses on other financial assets and interest in associates, net (Note 46)	35,416	71,107	(1,491)	20,514
Dividends from subsidiaries and associates (Note 39)	–	–	(3,534,284)	(3,498,845)
Dividends from financial investments portfolio (Note 40)	(210,095)	(186,561)	(5,428)	(6,441)
ESGP expenses (Note 38(ii) & 42)	93,811	87,616	39,667	44,662
Property, plant and equipment written off (Note 42)	7,089	5,240	40	222
Intangible assets written off (Note 42)	783	152	756	152
Fair value adjustments on investment properties (Note 40)	(29,977)	(13,531)	–	–
Operating profit before working capital changes	13,635,171	17,237,717	5,657,959	6,838,520
Change in cash and short-term funds with original maturity of more than three months	225,964	4,123,799	2,261,241	2,001,790
Change in deposits and placements with financial institutions with original maturity of more than three months	1,319,692	(1,313,737)	(910,371)	5,350,628
Change in financial assets purchased under resale agreements	(2,369,880)	(1,474,109)	(1,350,241)	(2,250,824)
Change in financial investments portfolio	(26,750,586)	(13,236,713)	(21,149,476)	(9,644,529)
Change in loans, advances and financing	(43,044,117)	(33,753,755)	(27,901,422)	(6,463,445)
Change in other assets	(2,737,944)	(1,461,710)	1,123,971	(3,482,886)
Change in statutory deposits with central banks	(1,961,589)	(6,264,872)	(1,962,936)	(1,032,733)
Change in deposits from customers	45,170,303	24,685,310	21,216,904	(1,951,116)
Change in investment accounts of customers	1,974,415	(4,219,818)	–	–
Change in deposits and placements from financial institutions	(7,216,888)	15,310,707	(8,572,662)	25,226,934
Change in obligations on financial assets sold under repurchase agreements	22,486,872	7,712,119	30,862,547	1,504,456
Change in financial liabilities at fair value through profit or loss	113,356	170,018	113,356	170,018
Change in bills and acceptances payable	(677,785)	732,968	(769,884)	782,280
Change in other liabilities	1,099,051	5,122,678	138,171	1,313,895
Change in insurance/reinsurance contract/takaful/retakaful certificate assets	1,814,519	(465,608)	–	–
Change in insurance/reinsurance contract/takaful/retakaful certificate liabilities	2,083,082	308,543	–	–
Cash generated from/(used in) operating activities	5,163,636	13,213,531	(1,242,843)	18,362,988
Taxes and zakat paid	(3,368,687)	(4,305,846)	(1,671,405)	(1,931,270)
Net cash generated from/(used in) operating activities	1,794,949	8,907,691	(2,914,248)	16,431,718



Statements of Cash Flows

For the financial year ended 31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Cash flows from investing activities				
Purchase of investment properties (Note 16)	(856)	(609)	–	–
Purchase of property, plant and equipment (Note 20)	(435,688)	(305,251)	(62,295)	(50,223)
Purchase of intangible assets (Note 22)	(465,863)	(345,500)	(187,529)	(95,153)
Net effect arising from:				
– transaction with non-controlling interests	(16,423)	(6,144)	–	–
– change of structure of an associate	–	–	–	(1,814)
– capital repayment of a subsidiary	–	–	50,706	–
Purchase of additional ordinary shares in existing subsidiaries	–	–	(627,962)	(653,040)
Purchase of shares in deemed controlled structured entities	–	–	(20,934)	–
Proceeds from disposal of property, plant and equipment	16,883	7,412	886	1,271
Proceeds from disposal of investment properties	–	137	–	–
Proceeds from partial disposal of a deemed controlled structured entities	–	–	27,545	–
Dividends received from:				
– financial investments portfolio (Note 40)	210,095	186,561	5,428	6,441
– associates (Note 39)	–	–	736	499
– subsidiaries (Note 39)	–	–	3,533,548	3,498,346
Net cash (used in)/generated from investing activities	(691,852)	(463,394)	2,720,129	2,706,327
Cash flows from financing activities				
Proceeds from issuance of shares	–	1,408,420	–	1,408,420
Repayment of borrowings, net (Note 29)	(3,538,674)	(3,930,539)	(1,998,447)	(5,797,913)
Redemption of subordinated obligations (Note 30)	(93,390)	–	–	–
Repayment of lease liabilities (Note 26(iv))	(657,114)	(494,739)	(109,858)	(99,629)
Dividends paid (Note 51)	(7,111,935)	(6,915,145)	(7,111,935)	(6,915,145)
Dividends paid to non-controlling interests	(138,441)	(92,506)	–	–
Net cash used in financing activities	(11,539,554)	(10,024,509)	(9,220,240)	(11,404,267)
Net (decrease)/increase in cash and cash equivalents	(10,436,457)	(1,580,212)	(9,414,359)	7,733,778
Cash and cash equivalents at 1 January	50,830,482	51,882,143	43,210,287	35,122,120
Effects of foreign exchange rate changes	707,429	528,551	513,987	354,389
Cash and cash equivalents at 31 December	41,101,454	50,830,482	34,309,915	43,210,287
Cash and cash equivalents comprise:				
Cash and short-term funds (Note 5)	28,940,553	37,590,175	20,067,341	29,596,878
Deposits and placements with other financial institutions (Note 6)	13,478,320	16,103,382	27,641,936	28,363,641
	42,418,873	53,693,557	47,709,277	57,960,519
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(1,317,419)	(2,863,075)	(13,399,362)	(14,750,232)
Cash and cash equivalents at 31 December	41,101,454	50,830,482	34,309,915	43,210,287

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

Notes to the Financial Statements

31 December 2023

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 28 February 2024.

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 material 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 62 and 63, 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 2023. Further details on the accounting policies for investment in subsidiaries and interest in associates and joint ventures are disclosed in Note 2.3.

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

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

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

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

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

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

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

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

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



Notes to the Financial Statements

31 December 2023

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 material 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 64(a) and 64(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(iv).

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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(ii) Interest in associates and joint ventures (cont'd.)

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, 64(c) and 64(d) respectively.

(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.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(iv) Intangible assets (cont'd.)

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 to 11 years
Investment management agreements	No amortisation	Indefinite

Additional information on intangible assets is disclosed in Note 22.

(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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(v) Financial assets (cont'd.)

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

Solely payments of principal and interest/profit ("SPPI") test (cont'd.)

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.

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'.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(v) Financial assets (cont'd.)

(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.

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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(v) Financial assets (cont'd.)

(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 and the Bank 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.

(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 losses 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.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(v) Financial assets (cont'd.)

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

(5) Forward-looking information (cont'd.)

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).

(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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(vi) Financial liabilities (cont'd.)

(b) Initial recognition and subsequent measurement

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

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

(1) Financial liabilities at FVTPL

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

Financial liabilities held for trading

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

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

Financial liabilities designated at fair value

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

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

The changes in fair value are presented as follows:

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

(2) Other financial liabilities

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

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

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

- (ii) Debt securities

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

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

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

- (iii) Payables

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

- (iv) Bills and acceptances payable

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

- (v) Other liabilities

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



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(vi) Financial liabilities (cont'd.)

(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 55.

(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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material 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.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(x) Resale and repurchase agreements

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

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

(xi) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably.

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

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

Leasehold land is depreciated over the period of the respective leases which ranges from 30 to 999 years. The remaining period of respective leases ranges from 1 to 829 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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(xii) Investment properties (cont'd.)

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 2023.

(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.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(xv) Impairment of non-financial assets (cont'd.)

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

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

(xvi) Provisions

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

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

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

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

(xvii) Financial guarantees contract

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

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

(xviii) Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions and balances

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

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

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

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

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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(xviii) Foreign currencies (cont'd.)

(c) Foreign operations (cont'd.)

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 47.

(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.

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.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(b) Deferred tax (cont'd.)

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 28.

(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.

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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(xx) Leases (cont'd.)

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

(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 and reinsurance contracts/retakaful 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.

The Group also cedes insurance/takaful risk in the normal course of its business. Ceded reinsurance/retakaful arrangements do not relieve the Group or the Company from its obligations to policyholders/participants. Reinsurance/retakaful arrangements entered into by the Group that meet the classification requirements of insurance contracts/takaful certificates as described above are measured consistently with the amounts associated with the underlying insurance contracts/takaful certificates and the terms of the relevant reinsurance/retakaful arrangement. Arrangements that do not meet these classification requirements are accounted for as financial assets.

(a) Recognition

The Group recognises groups of insurance contracts/takaful certificates that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts/certificates.
- The date when the first payment from a policyholder/participant is due, or when the first payment is received if there is no due date.
- For a group of onerous contracts/certificates, as soon as facts and circumstances indicate that the group of contracts/certificates is onerous.

The Group recognises a group of reinsurance contracts/retakaful certificates held it has entered into from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts/retakaful certificates held. However, the Group delays the recognition of a group of reinsurance contracts/retakaful certificates held that provide proportionate coverage until the date when any underlying insurance contract/takaful certificate is initially recognised, if that date is later than beginning of the coverage period of the group of reinsurance contracts/retakaful certificates held; and
- The date the Group recognises an onerous group of underlying insurance contracts/takaful certificates if the Group entered into the related reinsurance contracts/retakaful certificates held in the group of reinsurance contracts/retakaful certificates held at or before that date.

The Group does not recognise a proportional reinsurance/retakaful contract/certificate held until at least one underlying direct insurance/takaful contract/certificate has been recognised. Groups of reinsurance/retakaful contract/certificate held are recognised when the coverage of the first underlying contract/certificate starts.

A group of reinsurance/retakaful contracts/certificates held that covers aggregate losses from underlying contracts/certificates in excess of a specified amount (non-proportionate reinsurance/retakaful contracts/certificates, such as excess of loss reinsurance/retakaful) is recognised at the beginning of the coverage period of that group.

The Group adds new contracts/certificates in the reporting period in which the contracts/certificates meet one of the criteria set out above.

(b) Measurement

Insurance contracts/takaful certificates issued and reinsurance contracts/retakaful certificates held

The Group presents separately in the statement of financial position the carrying amount of groups of insurance contracts/takaful certificates issued that are assets, groups of insurance contracts/takaful certificates issued that are liabilities, reinsurance contracts/retakaful certificates held that are assets and groups of reinsurance contracts/retakaful certificates held that are liabilities.

The Group's insurance contracts/takaful certificates issued and reinsurance contracts/retakaful certificates held are eligible for the measurement models as detailed below:

General Measurement Model ("GMM")

This is the default measurement model for insurance contracts/takaful certificates which measures a group of insurance contracts/takaful certificates as the total of:

- Fulfilment cash flows, and
- A Contractual Service Margin ("CSM") which represents the unearned profit the Group will recognise as it provides service under the insurance contracts/takaful certificates in the group.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(b) Measurement (cont'd.)

General Measurement Model ("GMM") (cont'd.)

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

At the end of the reporting period, the carrying amount of a group of insurance contracts/takaful certificates is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the CSM, while the liability for incurred claims consists of the fulfilment cash flows related to past services. The CSM gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts/certificates. A release from the CSM is recognised in profit or loss in each period to reflect the services provided in that period based on coverage units. The Group has computed this based on the coverage units by benefit types.

Variable Fee Approach ("VFA")

The measurement approach for insurance contracts/takaful certificates with direct participation features is referred to as the variable fee approach. The VFA modifies the accounting model GMM to reflect that the consideration an entity receives for the contracts/certificates is a variable fee.

An insurance contract/takaful certificate with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- The contractual terms specify that the policyholders/participants participate in a share of a clearly identified pool of underlying items;
- The Group expects to pay to the policyholders/participants an amount equal to a substantial share of the fair value returns on the underlying items; and
- The Group expects a substantial proportion of any change in the amounts to be paid to the policyholders/participants to vary with the change in fair value of the underlying items.

Premium Allocation Approach ("PAA")

The Group applies the PAA measurement model for policies that have contract/certificate boundaries (i.e. coverage periods) of less than one (1) year as well as for policies with contract/certificate boundaries of more than 1 year which pass the PAA eligibility test.

Under the PAA, the liability for remaining coverage is measured as the amount of premiums/contribution received net of acquisition cash flows paid, less the net amount of premiums/contribution and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting.

The Group applies both the PAA or GMM models for all reinsurance contracts/retakaful certificates held, depending on the specific contract/certificate boundaries for each reinsurance contract/retakaful certificate.

(c) Modification and derecognition

The Group derecognises insurance contracts/takaful certificates when:

- The rights and obligations relating to the contracts/certificates are extinguished (i.e., discharged, cancelled or expired); or
- The contract/certificate is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract/certificate. In such cases, the Group derecognises the initial contract/certificate and recognises the modified contract/certificate as a new contract/certificate.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contracts/certificates as an adjustment to the relevant liability for remaining coverage.

(d) Insurance/takaful service result

Insurance/takaful service result comprises of insurance/takaful revenue and insurance/takaful service expenses and net expenses from reinsurance contracts/retakaful certificates held.

Insurance/takaful revenue for contracts not measured under the PAA in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration, an allocation of premiums/contribution that relate to recovering insurance/takaful acquisition cash flows and experience adjustments for premium receipts.

For contracts measured under the PAA, the insurance/takaful revenue for the period is the amount of expected premium/contribution receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium/contribution receipts to each period on the basis of the passage of time. However, if the expected pattern of release of risk differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance/takaful service expenses.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

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

(d) Insurance/takaful service result (cont'd.)

Insurance/takaful service expenses represent expenses that relate directly to the fulfilment of contracts/certificates. Expenses that do not relate directly to the fulfilment of contracts/certificates are presented in other expenses.

Net expenses from reinsurance contracts/retakaful certificates represents amount recovered from reinsurer/retakaful and reinsurance/retakaful expenses.

(e) Net insurance/takaful investment/finance result

Net insurance/takaful investment/finance result comprises of finance income or expense from insurance contracts/takaful certificates issued and from reinsurance contracts/retakaful certificates held.

Insurance/takaful finance income or expenses represents the change in the carrying amount of the group of insurance contracts/takaful certificates arising from:

- The effect of the time value of money and changes in the time value of money.
- The effect of financial risk and changes in financial risk.

(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 54(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 54(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.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of material 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 2023, 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 RM295.2 million (2022: RM281.2 million) and RM209.0 million (2022: RM216.4 million) respectively. Whereas, future net fee income of the Bank ranging from 1 year to 3 years and more than 3 years are RM166.3 million (2022: RM132.1 million) and RM157.1 million (2022: RM175.6 million) respectively.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxv) Employee benefits

(a) Short-term employee benefits

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

(b) Other long-term employee benefits

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

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

(c) Defined contribution plans

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

(d) Defined benefit plans

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

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

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

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

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

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

The Group disclosed the details of defined benefit plans in Note 26(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 Nomination and Remuneration Committee of the Board ("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.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxv) Employee benefits (cont'd.)

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

(2) Cash-settled Performance-based Employees' Share Grant Plan ("CESGP") (cont'd.)

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 32(c).

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

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

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

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

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

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

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

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

(xxvii) Share capital and dividends declared

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

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

(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.

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

(xxx) Segment reporting (cont'd.)

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 60.

(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 2023, the Group and the Bank adopted the following MFRSs, interpretations and amendments to existing MFRSs:

Description	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
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
Amendments to MFRS 112 <i>Income Taxes - International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

MFRS 17 Insurance Contracts

The Group has applied MFRS 17 *Insurance Contracts* ("MFRS 17"), including any consequential amendments to the other standards, from 1 January 2023. The standard has brought significant changes to the accounting for insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates. Accordingly, the Group has amended the relevant accounting policies in accordance to the requirements of the standard.

On the transition date of 1 January 2022, the Group has:

- Identified, recognised and measured each group of insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates as if MFRS 17 had always applied (unless impracticable), using the transition provisions in the standard;
- Identified, recognised and measured assets for insurance/takaful acquisition cash flows as if MFRS 17 had always applied;
- Derecognised any existing balances that would not exist had MFRS 17 always applied; and
- Recognised any resulting net difference in equity.

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 performed the necessary reclassification for the eligible financial assets to match against the insurance contract/takaful certificate liabilities.



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

MFRS 17 Insurance Contracts (cont'd.)

Financial Effect arising from the adoption of MFRS 17 Insurance Contract

The adoption of MFRS 17 resulted in the following financial effects to the income statements and statements of comprehensive income of the Group:

Income statement

Group	31 December 2022 RM'000	Effects of MFRS 17 adoption RM'000	31 December 2022 RM'000 Restated
Interest income	21,627,555	(18,628)	21,608,927
Interest expense	(7,793,342)	–	(7,793,342)
Net interest income	13,834,213	(18,628)	13,815,585
Income from Islamic Banking Scheme operations	7,413,866	–	7,413,866
Insurance/takaful service result	–	211,692	211,692
Net earned insurance premiums	8,977,582	(8,977,582)	–
Other operating income	4,625,377	(22,206)	4,603,171
Total operating income	34,851,038	(8,806,724)	26,044,314
Net insurance/takaful investment/finance result	–	447,964	447,964
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(7,235,971)	7,235,971	–
Net operating income	27,615,067	(1,122,789)	26,492,278
Overhead expenses	(12,807,088)	832,896	(11,974,192)
Operating profit before impairment losses	14,807,979	(289,893)	14,518,086
Allowances for impairment losses on loans, advances, financing and other debts, net	(2,189,311)	6,576	(2,182,735)
Allowances for impairment losses on financial investments, net	(523,384)	–	(523,384)
Allowances for impairment losses on other financial assets and interest in associates, net	(72,868)	1,761	(71,107)
Operating profit	12,022,416	(281,556)	11,740,860
Share of profits in associates and joint ventures	130,850	–	130,850
Profit before taxation and zakat	12,153,266	(281,556)	11,871,710
Taxation and zakat	(3,780,264)	(115,870)	(3,896,134)
Profit for the financial period	8,373,002	(397,426)	7,975,576
Attributable to:			
Equity holders of the Bank	8,234,949	(274,423)	7,960,526
Non-controlling interests	138,053	(123,003)	15,050
	8,373,002	(397,426)	7,975,576
Earnings per share attributable to equity holders of the Bank			
Basic/diluted	68.80 sen	(2.29) sen	66.51 sen

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

MFRS 17 Insurance Contracts (cont'd.)

Financial Effect arising from the adoption of MFRS 17 Insurance Contract (cont'd.)

The adoption of MFRS 17 resulted in the following financial effects to the income statements and statements of comprehensive income of the Group (cont'd.):

Statements of comprehensive income

Group	31 December 2022 RM'000	Effects of MFRS 17 adoption RM'000	31 December 2022 RM'000 Restated
Profit for the financial year	8,373,002	(397,426)	7,975,576
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gain	40,673	–	40,673
Income tax effect	(8,485)	–	(8,485)
Net gain from change in fair value on equity instruments at fair value through other comprehensive income	18,020	–	18,020
	50,208	–	50,208
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)	7,071	(2,969,060)
– Net loss from change in fair value	(3,687,864)	7,071	(3,680,793)
– Changes in expected credit losses	(85,020)	–	(85,020)
– Income tax effect	796,753	–	796,753
Net gain on foreign exchange translation	695,340	(41,865)	653,475
Cost of hedging for fair value hedge	49,699	–	49,699
Net gain on capital reserve	1,140	–	1,140
Net loss on revaluation reserve	(443)	–	(443)
Share of change in associates' reserve	(291,255)	–	(291,255)
Net insurance finance/investment result	–	174,897	174,897
	(2,521,650)	140,103	(2,381,547)
Other comprehensive loss for the financial year, net of tax	(2,471,442)	140,103	(2,331,339)
Total comprehensive income for the financial year	5,901,560	(257,323)	5,644,237
Other comprehensive (loss)/income for the financial year, attributable to:			
Equity holders of the Bank	(2,645,767)	97,300	(2,548,467)
Non-controlling interests	174,325	42,803	217,128
	(2,471,442)	140,103	(2,331,339)
Total comprehensive income for the financial year, attributable to:			
Equity holders of the Bank	5,589,182	(177,123)	5,412,059
Non-controlling interests	312,378	(80,200)	232,178
	5,901,560	(257,323)	5,644,237



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

MFRS 17 Insurance Contracts (cont'd.)

Financial Effect arising from the adoption of MFRS 17 Insurance Contract (cont'd.)

The adoption of MFRS 17 resulted in the following financial effects to the statements of financial position of the Group:

Statements of Financial Position

Group	31 December 2021 RM'000	Effects of MFRS 17 adoption RM'000	1 January 2022 RM'000 Restated	31 December 2022 RM'000	Effects of MFRS 17 adoption RM'000	31 December 2022 RM'000 Restated
ASSETS						
Cash and short-term funds	41,483,926	–	41,483,926	37,573,869	–	37,573,869
Deposits and placements with financial institutions	16,037,048	–	16,037,048	16,095,978	–	16,095,978
Financial assets purchased under resale agreements	13,491,753	–	13,491,753	14,968,762	–	14,968,762
Financial assets designated upon initial recognition at fair value through profit or loss	13,181,866	–	13,181,866	12,822,800	–	12,822,800
Financial investments at fair value through profit or loss	27,775,493	(1,402,813)	26,372,680	25,804,000	(660,792)	25,143,208
Financial investments at fair value through other comprehensive income	122,393,954	1,402,813	123,796,767	120,706,198	660,792	121,366,990
Financial investments at amortised cost	60,532,190	–	60,532,190	71,756,942	–	71,756,942
Loans, advances and financing to financial institutions	1,048,566	–	1,048,566	1,361,712	–	1,361,712
Loans, advances and financing to customers	540,839,323	(255,787)	540,583,536	574,025,785	(260,123)	573,765,662
Derivative assets	12,757,475	–	12,757,475	24,686,755	–	24,686,755
Insurance contract/takaful certificate assets	–	46,002	46,002	–	76,787	76,787
Reinsurance contract/retakaful certificate assets	–	7,137,803	7,137,803	–	7,576,222	7,576,222
Reinsurance/retakaful assets and other insurance receivables	7,515,864	(7,515,864)	–	7,041,010	(7,041,010)	–
Other assets	8,644,931	(10,568)	8,634,363	11,466,678	(14,015)	11,452,663
Investment properties	975,048	–	975,048	988,895	–	988,895
Statutory deposits with central banks	7,514,129	–	7,514,129	13,777,324	–	13,777,324
Interest in associates and joint ventures	2,491,435	–	2,491,435	2,207,244	–	2,207,244
Property, plant and equipment	2,129,989	–	2,129,989	2,142,065	–	2,142,065
Right-of-use assets	1,170,564	–	1,170,564	1,176,776	–	1,176,776
Intangible assets	6,683,461	–	6,683,461	6,747,125	–	6,747,125
Deferred tax assets	1,505,378	58,110	1,563,488	2,462,917	(20,613)	2,442,304
TOTAL ASSETS	888,172,393	(540,304)	887,632,089	947,812,835	317,248	948,130,083

Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

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

MFRS 17 Insurance Contracts (cont'd.)

Financial Effect arising from the adoption of MFRS 17 Insurance Contract (cont'd.)

The adoption of MFRS 17 resulted in the following financial effects to the statements of financial position of the Group (cont'd.):

Statements of Financial Position (cont'd.)

Group (cont'd.)	31 December 2021 RM'000	Effects of MFRS 17 adoption RM'000	1 January 2022 RM'000 Restated	31 December 2022 RM'000	Effects of MFRS 17 adoption RM'000	31 December 2022 RM'000 Restated
LIABILITIES						
Customers' funding:						
- Deposits from customers	588,967,633	-	588,967,633	614,895,094	-	614,895,094
- Investment accounts of customers	28,720,799	-	28,720,799	24,500,981	-	24,500,981
Deposits and placements from financial institutions	36,583,073	-	36,583,073	51,893,780	-	51,893,780
Obligations on financial assets sold under repurchase agreements	7,873,717	-	7,873,717	15,585,836	-	15,585,836
Derivative liabilities	12,638,175	-	12,638,175	27,874,325	-	27,874,325
Financial liabilities at fair value through profit or loss	10,696,966	-	10,696,966	8,317,084	-	8,317,084
Bills and acceptances payable	1,077,986	-	1,077,986	1,810,954	-	1,810,954
Insurance contract/takaful certificate liabilities	-	42,188,928	42,188,928	-	42,497,471	42,497,471
Reinsurance contract/retakaful certificate liabilities	-	51,360	51,360	-	749,188	749,188
Insurance/takaful contract liabilities and other insurance payables	42,093,615	(42,093,615)	-	41,914,750	(41,914,750)	-
Other liabilities	21,502,096	(468,917)	21,033,179	26,527,065	(580,982)	25,946,083
Provision for taxation and zakat	311,385	-	311,385	372,176	200	372,376
Deferred tax liabilities	539,066	(170,329)	368,737	400,437	(128,825)	271,612
Borrowings	35,548,352	-	35,548,352	31,736,007	-	31,736,007
Subordinated obligations	10,239,277	-	10,239,277	10,238,389	-	10,238,389
Capital securities	2,827,832	-	2,827,832	2,828,817	-	2,828,817
TOTAL LIABILITIES	799,619,972	(492,573)	799,127,399	858,895,695	622,302	859,517,997
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK						
Share capital	53,156,473	-	53,156,473	54,619,344	-	54,619,344
Shares held-in-trust	(1,274)	-	(1,274)	(198)	-	(198)
Retained profits	29,629,726	19,414	29,649,140	29,705,461	(255,009)	29,450,452
Reserves	3,026,497	(53,142)	2,973,355	1,632,427	44,158	1,676,585
	85,811,422	(33,728)	85,777,694	85,957,034	(210,851)	85,746,183
Non-controlling interests	2,740,999	(14,003)	2,726,996	2,960,106	(94,203)	2,865,903
	88,552,421	(47,731)	88,504,690	88,917,140	(305,054)	88,612,086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	888,172,393	(540,304)	887,632,089	947,812,835	317,248	948,130,083



Notes to the Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in accounting policies and disclosures (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 do not 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 do not 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 do not 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 do not have a significant impact on the preparation of the Group's and the Bank's financial statements.

Amendments to MFRS 112 Income Taxes – International Tax Reform – Pillar Two Model Rules

An entity is required to separately disclose its current tax expense/income related to Pillar Two income taxes, in the periods when the legislation is effective, as this helps users of financial statements understand the relative level of those taxes.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. The Group is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules. Pillar Two legislation was enacted in United Kingdom and Vietnam effective 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the Financial Statements

31 December 2023

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 45)

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 emerging risks involves significant level of judgement and reflect the management's views of uncertainties in the forward-looking assessment for ECL estimation. 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 54 for further disclosures.

3.4 Impairment losses on loans, advances and financing (Notes 12, 26 and 44)

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

The Group's and the Bank's ECL calculations under MFRS 9 are outputs of complex models with a number of underlying assumptions regarding the choices of variable inputs and their interdependencies.

Elements of the ECL models that are considered accounting judgements and estimates include:

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



Notes to the Financial Statements

31 December 2023

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

3.4 Impairment losses on loans, advances and financing (Notes 12, 26 and 44) (cont'd.)

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 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) Effects of climate-related matters (physical and transition risk) and the impact to economic activities including delinquencies and defaults.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of uncertainties in the forward-looking assessment for ECL estimation. 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. 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 RM4,597.0 million (2022: RM3,887.8 million) for the Group and RM3,212.0 million (2022: RM2,881.8 million) for the Bank respectively as at 31 December 2023.

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 28) and income tax (Note 47)

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.

Notes to the Financial Statements

31 December 2023

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

3.8 Deferred tax (Note 28) and income tax (Note 47) (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 14)

Insurance contracts and takaful certificates measurement

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key significant areas of estimation uncertainty and critical judgements in measuring general/general takaful liabilities and life/family takaful liabilities include:

(i) Estimates of future cash flows

In estimating the future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a contract/certificate are those that relate directly to the fulfilment of the contract/certificate, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders/participants, insurance/takaful acquisition cash flows and other costs that are incurred in fulfilling contracts/certificates. Insurance/takaful acquisition cash flows and other costs that are incurred in fulfilling contracts/certificates comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts/certificates using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total premiums, number of policies or number of claims.

The key assumptions that were used when estimating future cash flows are mortality and morbidity rates, longevity and lapse and surrender rates.

(ii) Discount rates

For general/general takaful business, insurance contracts/takaful certificates liabilities are calculated by using risk-free discount rates.

For life and family takaful business, the Group generally determines risk-free discount rates using the observed yield curves of government securities. The derivation of the illiquidity premium is leveraging on the volatility adjustment basis in accordance with the BNM's discounting approach, with calibration made to the reference portfolio of the insurance/takaful and shareholders' funds. The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate will be subject to revision, it is expected to be updated only when there are significant changes on long-term expectations.

(iii) Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The Group applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance contracts/takaful certificates and reinsurance contracts/retakaful certificates.

Under a confidence level technique, the Group estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of BNM under the Risk Based Capital Framework for insurers/takaful operators.

(iv) Contractual service margin

The CSM is a component of the assets or liabilities for the group of insurance contract/takaful certificates that represents the unearned profit that the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance/takaful contracts/certificates is recognised in profit or loss as insurance/takaful revenue in each period to reflect the services provided under the group of insurance/takaful contracts/certificates in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future years; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.



Notes to the Financial Statements

31 December 2023

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

3.9 Liabilities of insurance business (Note 14) (cont'd.)

Insurance contracts and takaful certificates measurement (cont'd.)

The key significant areas of estimation uncertainty and critical judgements in measuring general/general takaful liabilities and life/family takaful liabilities include (cont'd.):

(iv) Contractual service margin (cont'd.)

The number of coverage units in a group is the quantity of coverage provided by the contracts/certificates in the group, which is determined by considering for each contract/certificate the quantity of the benefits provided and its expected coverage duration.

For groups of life insurance contracts/family takaful certificates, the quantity of benefit is the contractually agreed sum covered over the duration of the contracts/certificates. The total coverage units of each group of insurance/takaful contracts/certificates are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts/certificates in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

3.10 Defined benefit plans (Note 26(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 26(i)(d).

3.11 Deemed controlled structured entities (Note 64(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 26(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 amendments 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 16 <i>Leases – Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 7 <i>Financial Instruments: Disclosures – Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows: Disclosures – Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025

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.

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

Amendments to MFRS 16 Leases – Lease Liability in Sale and Leaseback (cont'd.)

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 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - 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.

Amendments to MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers. As a result, supplier finance arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the original payment due dates.

Different terms are used to describe these arrangements, such as supply chain finance, payables finance and reverse factoring arrangements. Arrangements that are solely credit enhancements for the entity, for example, financial guarantees including letters of credit used as guarantees, are not supplier finance arrangements. Similarly, instruments used to settle the amounts owed directly with a supplier, for example, credit cards, are not supplier finance arrangements.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. The 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 107 Statement of Cash Flows: Disclosures – Supplier Finance Arrangements

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including:

- Terms and conditions;
- As at the beginning and end of the reporting period:
 - a. The carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented;
 - b. The carrying amounts of financial liabilities and the line items, for which the finance providers have already settled the corresponding trade payables; and
 - c. The range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements payables.
- The type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. The 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 Presentation of Financial Statements – Non-current Liabilities with Covenants

The amendments clarify the following:

- Right to defer settlement;
- Expected deferrals;
- Settlement by way of own equity instruments; and
- Disclosures.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024 and will need to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early adoption is permitted, but will need to be disclosed. The 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 121 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted, in which case, an entity is required to disclose that fact. The amendments are not expected to have a significant impact on the preparation of the Group's and the Bank's financial statements.



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5. CASH AND SHORT-TERM FUNDS

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash balances and deposits with financial institutions		26,074,369	35,098,247	20,067,341	29,596,878
Money at call		2,866,184	2,491,928	–	–
		28,940,553	37,590,175	20,067,341	29,596,878
Allowances for impairment losses	(i)	(36,518)	(16,306)	(7,041)	(6,447)
		28,904,035	37,573,869	20,060,300	29,590,431

The Group's monies held-in-trust for clients as at the reporting date are approximately RM3,978,426,000 (2022: RM4,214,012,000). These amounts are excluded from the cash and short-term funds of the Group in accordance with Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18. The Bank does not have monies held-in-trust for clients as at the reporting date.

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

As at 31 December 2023

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 2023 were mainly due to the following:

- The Group's and the Bank's increase in the ECL for Stage 1 was arising from newly recognised financial assets during the year which resulted in higher ECL despite the overall decrease in gross carrying amount for cash and short-term funds with minimal ECL.

	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 2023	16,306	–	–	16,306
Net movement of allowances	19,619	–	–	19,619
Exchange differences	593	–	–	593
At 31 December 2023	36,518	–	–	36,518
Bank				
At 1 January 2023	6,447	–	–	6,447
Net movement of allowances	455	–	–	455
Exchange differences	139	–	–	139
At 31 December 2023	7,041	–	–	7,041

Notes to the Financial Statements

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

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

As at 31 December 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 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 2022	17,530	–	–	17,530
Net movement 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 movement of allowances	(3,187)	–	–	(3,187)
Exchange differences	(1,175)	–	–	(1,175)
At 31 December 2022	6,447	–	–	6,447

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Licensed banks		7,318,806	5,558,628	21,657,106	19,327,523
Bank Negara Malaysia		572,948	209,088	572,948	209,088
Other financial institutions	(i)	5,586,566	10,335,666	5,411,882	8,827,030
		13,478,320	16,103,382	27,641,936	28,363,641
Allowances for impairment losses	(ii)	(6,713)	(7,404)	(2,825)	(5,382)
		13,471,607	16,095,978	27,639,111	28,358,259

- (i) Included in deposits and placements with other financial institutions is USD20.0 million (2022: USD20.0 million) or Ringgit Malaysia equivalent of RM91.8 million (2022: RM88.1 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.



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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:

As at 31 December 2023

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 2023 were mainly due to the following:

- The Group's and the Bank's overall gross carrying amount for deposits and placements with financial institutions decreased as a result of derecognition of financial assets which correspondingly decreased the ECL allowances.

	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
Group				
At 1 January 2023	7,404	–	–	7,404
Net remeasurement of allowances	1,485	–	–	1,485
New financial assets originated or purchased	123	–	–	123
Financial assets derecognised	(3,128)	–	–	(3,128)
Exchange differences	829	–	–	829
At 31 December 2023	6,713	–	–	6,713
Bank				
At 1 January 2023	5,382	–	–	5,382
Net remeasurement of allowances	(465)	–	–	(465)
New financial assets originated or purchased	123	–	–	123
Financial assets derecognised	(2,900)	–	–	(2,900)
Exchange differences	685	–	–	685
At 31 December 2023	2,825	–	–	2,825

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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 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 decreased 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	
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total 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



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

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

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Foreign Government Treasury Bills		230,570	–	230,570	–
Foreign Government Securities		15,648,287	14,239,789	14,736,950	14,030,200
Foreign Government Bonds		694,250	435,337	–	–
Foreign Corporate Bonds and Sukuk		716,110	29,071	716,110	29,071
Malaysian Government Securities		–	19,001	–	19,001
Malaysian Government Investment Issues		58,198	254,425	–	254,425
		17,347,415	14,977,623	15,683,630	14,332,697
Allowances for impairment losses	(a)	(3,051)	(8,861)	(2,914)	(2,221)
		17,344,364	14,968,762	15,680,716	14,330,476

(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 2023

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 2023 were mainly due to the following:

- The Group's decrease in the ECL for Stage 1 was arising from financial assets derecognised during the year which resulted in lower ECL despite the overall increase in gross carrying amount for financial assets purchased under resale agreements; and
- The Bank's overall increase in the gross carrying amount for financial assets purchased under resale agreements was mainly contributed by new financial assets purchased.

	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 2023	8,861	–	–	8,861
Net remeasurement of allowances	440	–	–	440
New financial assets originated or purchased	2,980	–	–	2,980
Financial assets derecognised	(9,142)	–	–	(9,142)
Exchange differences	(88)	–	–	(88)
At 31 December 2023	3,051	–	–	3,051
Bank				
At 1 January 2023	2,221	–	–	2,221
Net remeasurement of allowances	440	–	–	440
New financial assets originated or purchased	2,842	–	–	2,842
Financial assets derecognised	(2,284)	–	–	(2,284)
Exchange differences	(305)	–	–	(305)
At 31 December 2023	2,914	–	–	2,914

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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 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 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 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

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

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial investments at fair value through profit or loss	9	8,596,476	1,222,428	8,596,476	1,222,428
Financial investments at fair value through other comprehensive income	10(ii)	26,874,912	12,854,486	46,556,132	23,590,616
Financial investments at amortised cost	11(v)	2,601,320	1,508,922	2,000,235	1,477,252
		38,072,708	15,585,836	57,152,843	26,290,296



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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	468,209	407,092	–	–
Malaysian Government Investment Issues	625,884	468,099	–	–
	1,094,093	875,191	–	–
Quoted securities:				
In Malaysia:				
Unit trusts	–	3,932	–	–
Outside Malaysia:				
Shares, warrants and loan stocks	18,681	18,790	–	–
	18,681	22,722	–	–
Unquoted securities:				
In Malaysia:				
Corporate Bonds and Sukuk	12,140,994	11,764,213	–	–
Outside Malaysia:				
Corporate Bonds and Sukuk	125,021	160,674	–	–
	12,266,015	11,924,887	–	–
Total financial assets designated upon initial recognition at FVTPL	13,378,789	12,822,800	–	–

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	5,405,233	1,563,979	5,351,438	1,523,469
Malaysian Government Investment Issues	2,001,611	317,298	1,449,436	275,496
Cagamas Bonds	541,463	–	511,453	–
Negotiable instruments of deposits	69,421	–	69,421	–
Foreign Government Securities	3,954,819	4,631,204	3,569,035	4,493,485
Malaysian Government Treasury Bills	2,319,432	1,648,435	2,319,432	1,648,435
Bank Negara Malaysia Bills and Notes	2,489,316	241,757	1,776,025	241,757
	16,781,295	8,402,673	15,046,240	8,182,642

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
At fair value (cont'd.)				
Quoted securities:				
In Malaysia:				
Shares, warrants, mutual funds and loan stocks	2,672,515	2,910,063	–	–
Unit trusts	355,016	328,970	251,960	240,453
Outside Malaysia:				
Shares, warrants, mutual funds and loan stocks	3,414,933	4,255,594	52,120	66
Unit trusts	1,660,089	1,273,604	308,358	274,087
Corporate Bonds and Sukuk	2,047,106	1,236,259	–	–
Government Bonds	732,563	57,922	–	–
Government Treasury Bills	17,400	–	–	–
	10,899,622	10,062,412	612,438	514,606
Unquoted securities:				
In Malaysia:				
Shares	944,476	972,960	733,325	715,908
Unit trusts	298,063	29,003	–	–
Corporate Bonds and Sukuk	1,697,639	1,768,316	805,919	1,079,658
Structured deposits	338,217	155,582	–	–
Outside Malaysia:				
Shares	228,461	369	–	–
Mutual funds	172,378	92,814	–	–
Corporate Bonds and Sukuk	1,068,532	2,906,292	1,017,931	2,732,874
Government Bonds	3,541,517	752,787	3,541,517	752,787
	8,289,283	6,678,123	6,098,692	5,281,227
Total financial investments at FVTPL	35,970,200	25,143,208	21,757,370	13,978,475

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Foreign Corporate Bonds and Sukuk	–	182,458	–	182,458
Foreign Government Securities	8,076,552	627,098	8,076,552	627,098
Foreign Government Treasury Bills	519,924	412,872	519,924	412,872
Total (Note 7(ii))	8,596,476	1,222,428	8,596,476	1,222,428



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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	18,809,979	11,745,562	18,436,336	11,327,132
Malaysian Government Investment Issues	29,692,062	21,835,585	12,358,476	8,531,351
Negotiable instruments of deposits	201,101	4,991	200,235	–
Foreign Government Securities	10,626,667	19,531,047	2,407,191	9,125,421
Foreign Government Treasury Bills	12,660,065	4,778,217	6,311,237	2,155,557
Khazanah Bonds	73,615	55,874	73,615	55,874
Cagamas Bonds	749,857	166,245	749,857	166,245
Bank Negara Malaysia Monetary Notes	584,212	–	–	–
	73,397,558	58,117,521	40,536,947	31,361,580
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	390,574	194,460	340	18,029
Outside Malaysia:				
Corporate Bonds and Sukuk	4,399,518	4,445,570	–	–
Government Bonds	2,209,428	2,375,552	–	–
Government Treasury Bills	–	177,957	–	–
	6,999,520	7,193,539	340	18,029
Unquoted securities:				
In Malaysia:				
Shares and loan stocks	364,956	353,597	351,603	341,113
Government Bonds	1,247,216	1,343,430	1,109,549	1,343,430
Corporate Bonds and Sukuk	35,975,696	27,063,652	18,714,681	15,286,933
Outside Malaysia:				
Shares	4,034	3,806	–	–
Government Bonds	6,739,684	15,704,130	6,571,006	15,118,709
Corporate Bonds and Sukuk	7,453,471	11,587,315	6,014,918	10,081,686
	51,785,057	56,055,930	32,761,757	42,171,871
Total financial investments at FVOCI*	132,182,135	121,366,990	73,299,044	73,551,480

* Includes MFRS 9 reclassification that resulted in a net decrease of RM5,919.2 million and RM11,588.8 million for the Group and the Bank respectively arising from implementation of Group Investment Management Framework ("GIMF") in stages as disclosed in Note 53(a).

Notes to the Financial Statements

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10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

- (i) Included in financial investments at fair value through other comprehensive income are financial assets sold under repurchase agreements as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Government Securities	13,602,292	5,828,829	13,602,292	5,828,829
Malaysian Government Investment Issues	10,562,712	4,355,193	10,562,712	6,016,603
Corporate Bonds and Sukuk	2,065,778	–	8,726,088	–
Foreign Corporate Bonds and Sukuk	644,130	1,270,363	3,172,320	4,277,539
Foreign Government Treasury Bills	–	51,365	660,436	51,365
Foreign Government Bonds	–	1,348,736	149,958	2,471,007
Foreign Government Securities	–	–	9,682,326	4,825,550
Malaysian Government Bonds	–	–	–	119,723
Total (Note 7(ii))	26,874,912	12,854,486	46,556,132	23,590,616

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Within one year	18,932,799	13,136,176	8,522,000	3,884,073
One year to three years	3,129,725	6,914,924	1,485,816	3,659,786
Three years to five years	4,613,652	10,527,645	2,414,996	7,062,133
After five years	46,721,382	27,538,776	28,114,135	16,755,588
	73,397,558	58,117,521	40,536,947	31,361,580

- (iii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows:

As at 31 December 2023

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 2023 were mainly due to the following:

- The overall increase in the gross carrying amount of Government related investments for the Group and the Bank have no impact to ECL allowances.
- The amount related to insurance contract/takaful certificate liabilities contributed by Foreign Corporate Bonds of RM118.6 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 2023	29,462	8,344	149,600	187,406
Transferred to Stage 1	1,924	(1,924)	–	–
Net remeasurement of allowances	92	95	(89,399)	(89,212)
New financial assets originated or purchased	13,212	–	–	13,212
Financial assets derecognised	(13,088)	(1,543)	(39,741)	(54,372)
Changes in models/risk parameters	(2,313)	1,331	–	(982)
Amount related to insurance contract/takaful certificate liabilities	–	–	118,617	118,617
Amount written off	–	–	(1,359)	(1,359)
Exchange differences	2,103	–	–	2,103
At 31 December 2023	31,392	6,303	137,718	175,413



Notes to the Financial Statements

31 December 2023

10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D.)

(iii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows (cont'd.):

As at 31 December 2023 (cont'd.)

	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
Bank				
At 1 January 2023	16,928	3,210	139,919	160,057
Net remeasurement of allowances	(157)	-	(954)	(1,111)
New financial assets originated or purchased	4,786	-	-	4,786
Financial assets derecognised	(9,798)	(105)	-	(9,903)
Changes in models/risk parameters	(1,171)	1,331	-	160
Exchange differences	350	-	-	350
At 31 December 2023	10,938	4,436	138,965	154,339

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 contract/takaful certificate liabilities contributed by Foreign Corporate Bonds of RM96.7 million.

	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	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 contract/takaful certificate 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.)

- (iii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows (cont’d.):

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 nil (2022: RM26.0 million) for the Group and nil (2022: nil) for the Bank.

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Quoted Securities:				
In Malaysia	390,574	194,460	340	18,029
	390,574	194,460	340	18,029
Unquoted Securities:				
In Malaysia	364,956	353,597	351,603	341,113
Outside Malaysia	4,034	3,806	–	–
	368,990	357,403	351,603	341,113
	759,564	551,863	351,943	359,142

The Group and the Bank have elected to recognise these equity investments at fair value through other comprehensive income, 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 RM5.7 million (2022: loss of RM9.3 million) and gain on disposal of RM7.5 million (2022: nil) respectively.

11. FINANCIAL INVESTMENTS AT AMORTISED COST

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Money market instruments:					
Malaysian Government Securities		9,240,445	12,357,726	9,240,344	12,357,624
Malaysian Government Investment Issues		14,493,705	24,691,751	5,233,632	9,254,337
Foreign Government Securities		16,768,560	3,488,456	8,946,525	270,289
Khazanah Bonds		630,931	592,145	68,921	46,262
Cagamas Bonds		136,805	175,710	136,805	50,242
		41,270,446	41,305,788	23,626,227	21,978,754
Unquoted securities:					
In Malaysia:					
Corporate Bonds and Sukuk		24,785,943	28,496,001	23,273,917	21,158,007
Government Bonds		200,404	–	200,404	–
Outside Malaysia:					
Corporate Bonds and Sukuk		5,663,081	1,208,594	6,191,246	2,270,632
Government Bonds		13,666,390	2,244,819	12,478,409	846,006
		44,315,818	31,949,414	42,143,976	24,274,645
Allowances for impairment losses	(iii)	(1,201,866)	(1,498,260)	(31,611)	(19,271)
Total financial investments at amortised cost*		84,384,398	71,756,942	65,738,592	46,234,128

* Includes MFRS 9 reclassification that resulted in a net increase of RM10,677.4 million and RM15,410.2 million for the Group and the Bank respectively arising from implementation of GIMF in stages as disclosed in Note 53(a).



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

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Money market instruments:				
Malaysian Government Securities	8,997,199	12,116,600	8,997,096	12,116,497
Malaysian Government Investment Issues	14,003,959	24,267,820	5,049,204	9,134,729
Foreign Government Securities	16,553,263	3,359,864	8,595,450	278,054
Khazanah Bonds	631,316	586,707	70,634	47,020
Cagamas Bonds	136,719	175,288	136,719	50,445
Foreign Government Treasury Bills	45,948	–	–	–
Unquoted securities:				
Corporate Bonds and Sukuk in Malaysia	23,382,426	26,424,827	23,078,003	20,845,915
Government Bonds in Malaysia	169,726	–	169,726	–
Corporate Bonds and Sukuk outside Malaysia	4,868,012	1,023,683	5,970,393	2,276,232
Government Bonds outside Malaysia	11,968,925	2,433,915	10,781,452	853,560

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Within one year	2,330,763	1,058,386	300,153	230,797
One year to three years	9,195,891	2,443,060	5,209,822	463,458
Three years to five years	7,227,547	1,926,545	4,044,894	348,209
After five years	22,516,245	35,877,797	14,071,358	20,936,290
	41,270,446	41,305,788	23,626,227	21,978,754

(iii) 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 2023

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 2023 were mainly due to the following:

- The increase in the ECL for Stage 1 was due to the increase in the gross carrying amount of Foreign Government Securities for the Group and the Bank;
- The decrease in the ECL for Stage 3 was due to improvement in credit quality which correspondingly decrease the net remeasurement of allowances for the Group; and
- The write-off of investments with a gross carrying amount of RM247.5 million for the Group resulted in the reduction of Stage 3 ECL.

Notes to the Financial Statements

31 December 2023

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

- (iii) 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 2023 (cont'd.)

	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 2023	60,775	3,801	1,433,684	1,498,260
Transferred to Stage 3	–	(850)	850	–
Net remeasurement of allowances	3,388	–	(54,004)	(50,616)
New financial assets originated or purchased	19,807	–	–	19,807
Financial assets derecognised	(10,963)	(2,878)	–	(13,841)
Changes in models/risk parameters	(4,559)	–	–	(4,559)
Amount written-off	–	–	(247,491)	(247,491)
Exchange differences	306	–	–	306
At 31 December 2023	68,754	73	1,133,039	1,201,866
Bank				
At 1 January 2023	19,271	–	–	19,271
Net remeasurement of allowances	600	–	–	600
New financial assets originated or purchased	18,862	–	–	18,862
Financial assets derecognised	(4,853)	–	–	(4,853)
Changes in models/risk parameters	(2,231)	–	–	(2,231)
Exchange differences	(38)	–	–	(38)
At 31 December 2023	31,611	–	–	31,611

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 increase 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.



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31 December 2023

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

(iii) 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 2022 (cont'd.)

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

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Government Securities	1,408,779	59,445	1,408,779	59,445
Malaysian Government Investment Issues	318,179	1,417,807	318,179	1,417,807
Foreign Corporate Bonds and Sukuk	181,284	–	181,284	–
Foreign Government Bonds	678,178	–	91,993	–
Foreign Government Securities	14,900	31,670	–	–
Total (Note 7(ii))	2,601,320	1,508,922	2,000,235	1,477,252

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12. LOANS, ADVANCES AND FINANCING

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Loans, advances and financing to financial institutions	(i)	1,499,258	1,361,712	43,303,631	31,304,965
Loans, advances and financing to customers	(ii)	628,922,780	573,765,662	235,022,856	213,831,963
Net loans, advances and financing		630,422,038	575,127,374	278,326,487	245,136,928

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(A) Loans, advances and financing to financial institutions at FVOCI	132,174	117,597	352,956	440,406
(B) Loans, advances and financing to financial institutions at amortised cost	1,372,207	1,250,070	44,342,852	32,798,507
Gross loans, advances and financing to financial institutions	1,504,381	1,367,667	44,695,808	33,238,913
Allowances for loans, advances and financing:				
– Stage 1 – 12-month ECL	(5,028)	(5,868)	(50,031)	(18,972)
– Stage 2 – Lifetime ECL not credit impaired	(95)	(87)	(25,895)	(1,228)
– Stage 3 – Lifetime ECL credit impaired	–	–	(1,316,251)	(1,913,748)
Net loans, advances and financing to financial institutions	1,499,258	1,361,712	43,303,631	31,304,965

[^] 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 RM1,034.6 million (2022: RM1,003.5 million), and under the Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM42,262.4 million net of expected credit losses (2022: RM30,138.8 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	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
(A) Loans, advances and financing to customers at FVTPL		–	1,668	–	1,668
(B) Loans, advances and financing to customers at FVOCI		34,842,043	29,898,744	34,958,823	26,414,713
(C) Loans, advances and financing to customers at amortised cost		682,843,947	633,498,288	205,706,643	194,236,286
		717,685,990	663,398,700	240,665,466	220,652,667
Unearned interest and income		(78,440,090)	(77,911,147)	(917,416)	(808,629)
Gross loans, advances and financing to customers		639,245,900	585,487,553	239,748,050	219,844,038
Allowances for loans, advances and financing:					
– Stage 1 – 12-month ECL		(2,013,466)	(1,993,859)	(858,429)	(883,584)
– Stage 2 – Lifetime ECL not credit impaired		(3,286,344)	(3,329,902)	(1,175,253)	(1,343,859)
– Stage 3 – Lifetime ECL credit impaired		(5,023,310)	(6,398,130)	(2,691,512)	(3,784,632)
Net loans, advances and financing to customers		628,922,780	573,765,662	235,022,856	213,831,963
Net loans, advances and financing	(i) & (ii)	630,422,038	575,127,374	278,326,487	245,136,928



Notes to the Financial Statements

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

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Loans/financing to financial institutions (Note 12(i))	1,504,381	1,367,667	44,695,808	33,238,913
Overdrafts/cashline	19,086,958	17,756,331	6,142,133	5,834,436
Term loans/financing:				
– Housing loans/financing	204,566,719	193,701,007	46,599,582	46,344,789
– Syndicated loans/financing	56,586,238	56,349,988	50,071,390	46,756,972
– Hire purchase receivables*	93,278,871	83,038,247	10,051,872	9,846,496
– Lease receivables	3,048,741	2,034,794	–	–
– Other loans/financing	224,604,083	205,459,633	63,247,517	54,836,583
Credit card receivables	12,216,174	10,517,219	7,846,099	6,872,769
Bills receivables	8,939,669	5,969,774	8,465,842	5,370,263
Trust receipts	2,897,149	4,345,917	2,179,805	3,660,378
Claims on customers under acceptance credits	13,866,982	11,452,266	5,845,369	5,065,436
Revolving credits	66,883,953	62,208,363	37,151,752	33,162,108
Share margin financing	2,588,945	6,531,112	2,535,980	2,361,531
Staff loans/financing	4,250,060	3,961,950	527,204	538,960
Loans/financing to:				
– Directors of the Bank	1,426	5,101	757	1,770
– Directors of subsidiaries	6,419	6,761	158	175
Others	4,863,603	60,237	6	1
	719,190,371	664,766,367	285,361,274	253,891,580
Unearned interest and income	(78,440,090)	(77,911,147)	(917,416)	(808,629)
Gross loans, advances and financing	640,750,281	586,855,220	284,443,858	253,082,951
Allowances for loans, advances and financing:				
– Stage 1 – 12-month ECL	(2,018,494)	(1,999,727)	(908,460)	(902,556)
– Stage 2 – Lifetime ECL not credit impaired	(3,286,439)	(3,329,989)	(1,201,148)	(1,345,087)
– Stage 3 – Lifetime ECL credit impaired	(5,023,310)	(6,398,130)	(4,007,763)	(5,698,380)
Net loans, advances and financing	630,422,038	575,127,374	278,326,487	245,136,928

* The hire purchase receivables of a subsidiary of RM1,068,491,000 (2022: RM988,772,000) are pledged as collateral to a secured borrowing as disclosed in Note 29(a).

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Domestic banking institutions	1,936,376	1,343,013	44,895,540	33,092,908
Domestic non-banking financial institutions	28,438,368	19,762,607	21,697,893	13,139,759
Domestic business enterprises:				
– Small and medium enterprises	95,692,357	71,922,930	31,802,434	24,495,849
– Others	119,948,579	127,808,720	71,021,372	72,728,290
Government and statutory bodies	18,668,275	16,583,958	47,854	60,405
Individuals	311,404,258	292,847,650	65,459,149	64,927,922
Other domestic entities	16,580,453	13,368,408	5,168,962	4,688,532
Foreign entities	48,081,615	43,217,934	44,350,654	39,949,286
Gross loans, advances and financing	640,750,281	586,855,220	284,443,858	253,082,951

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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	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Malaysia	387,070,037	363,997,090	168,713,780	155,189,402
Singapore	167,118,630	144,695,517	78,023,289	62,449,296
Indonesia	35,809,516	31,670,365	–	–
Labuan Offshore	11,312,953	10,259,682	11,312,490	10,259,682
Hong Kong SAR	17,169,558	17,324,297	16,935,600	16,999,129
United States of America	401,172	493,813	401,172	493,813
People's Republic of China	6,323,762	4,892,403	6,323,762	4,892,403
Vietnam	1,709,873	1,636,999	899,830	1,152,433
United Kingdom	1,315,898	1,052,385	1,315,898	1,052,385
Brunei	476,830	487,659	476,830	487,659
Cambodia	5,382,759	4,541,390	–	–
Philippines	4,678,247	3,748,979	–	–
Thailand	1,939,839	1,947,892	–	–
Laos	19,133	36,921	19,133	36,921
Myanmar	22,074	69,828	22,074	69,828
Gross loans, advances and financing	640,750,281	586,855,220	284,443,858	253,082,951

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Fixed rate:				
– Housing loans/financing	28,152,220	26,736,931	345,189	401,843
– Hire purchase receivables	68,998,472	61,128,825	8,230,306	8,209,430
– Other fixed rate loans/financing	78,044,012	74,352,501	70,873,544	56,183,519
	175,194,704	162,218,257	79,449,039	64,794,792
Variable rate:				
– Base lending/financing rate/base rate plus	236,863,933	223,618,388	76,517,396	75,825,992
– Cost plus	38,582,121	39,087,461	17,502,736	20,938,621
– Other variable rates	190,109,523	161,931,114	110,974,687	91,523,546
	465,555,577	424,636,963	204,994,819	188,288,159
Gross loans, advances and financing	640,750,281	586,855,220	284,443,858	253,082,951



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

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Purchase of securities	35,622,067	38,039,719	6,931,578	6,952,551
Purchase of transport vehicles	82,872,161	74,233,906	7,498,923	7,663,122
Purchase of landed properties:				
– Residential	180,220,553	164,810,326	47,158,664	46,115,807
– Non-residential	45,488,021	41,281,360	14,781,507	14,971,398
Purchase of fixed assets (excluding landed properties)	3,174,980	3,204,664	1,985,747	2,141,348
Personal use	9,551,966	9,075,444	3,297,102	3,557,514
Credit card	12,305,245	10,610,731	7,853,489	6,893,291
Purchase of consumer durables	2,880	5,637	2,296	5,162
Constructions	15,332,454	14,689,441	8,198,816	7,716,731
Mergers and acquisitions	3,806,916	2,722,043	3,375,707	2,249,790
Working capital	204,515,329	191,823,359	144,112,471	125,137,198
Others	47,857,709	36,358,590	39,247,558	29,679,039
Gross loans, advances and financing	640,750,281	586,855,220	284,443,858	253,082,951

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Within one year	150,427,836	129,182,634	88,494,729	79,080,550
One year to three years	71,513,116	62,679,135	51,543,347	40,540,022
Three years to five years	78,540,208	78,094,060	45,669,527	43,925,512
After five years	340,269,121	316,899,391	98,736,255	89,536,867
Gross loans, advances and financing	640,750,281	586,855,220	284,443,858	253,082,951

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
At 1 January	9,204,859	11,043,533	8,205,103	10,103,703
Impaired during the financial year	4,594,744	4,310,636	1,526,746	2,001,356
Reclassified as non-impaired	(408,463)	(792,624)	(193,962)	(433,128)
Amount recovered	(965,745)	(2,817,825)	(357,461)	(1,867,027)
Amount written off	(4,169,692)	(3,078,763)	(2,864,849)	(2,130,955)
Exchange differences	344,722	539,902	131,868	531,154
Gross impaired loans at 31 December	8,600,425	9,204,859	6,447,445	8,205,103
Less: Stage 3 – Lifetime ECL credit impaired	(5,246,751)	(6,590,207)	(4,231,204)	(5,890,457)
Net impaired loans at 31 December	3,353,674	2,614,652	2,216,241	2,314,646

Notes to the Financial Statements

31 December 2023

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

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

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Calculation of ratio of net impaired loans:				
Gross impaired loans at 31 December (excluding financing funded by Investment Account*)	8,473,279	9,145,242	6,447,445	8,205,103
Less: Stage 3 – Lifetime ECL credit impaired	(5,246,751)	(6,590,207)	(4,231,204)	(5,890,457)
Net impaired loans	3,226,528	2,555,035	2,216,241	2,314,646
Gross loans, advances and financing	640,750,281	586,855,220	284,443,858	253,082,951
Less: Funded by Investment Accounts*	(26,475,396)	(24,500,981)	–	–
Less: Allowances for loans, advances and financing at FVOCI and at amortised cost	(10,741,188)	(12,071,716)	(6,511,469)	(8,282,624)
Net loans, advances and financing	603,533,697	550,282,523	277,932,389	244,800,327
Ratio of net impaired loans	0.53%	0.46%	0.80%	0.95%

* In the book of Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank, the unrestricted investment accounts (net of intercompany balances) was RM26,475.4 million (2022: RM24,501.0 million).

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Purchase of securities	104,353	52,985	29,641	6,792
Purchase of transport vehicles	419,866	291,952	75,051	51,381
Purchase of landed properties:				
– Residential	1,108,275	751,425	435,907	216,693
– Non-residential	780,449	509,803	213,098	198,830
Purchase of fixed assets (excluding landed properties)	144,698	67,961	70,278	43,646
Personal use	492,184	134,571	61,769	83,441
Credit card	88,498	75,784	50,626	39,515
Purchase of consumer durables	756	3,370	755	3,368
Constructions	655,059	639,312	192,168	366,362
Working capital	4,356,969	6,489,133	4,946,284	7,048,421
Others	449,318	188,563	371,868	146,654
Gross impaired loans, advances and financing	8,600,425	9,204,859	6,447,445	8,205,103



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31 December 2023

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

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	4,708,598	5,030,783	5,172,202	6,072,338
Singapore	1,342,265	823,840	603,677	476,616
Indonesia	1,376,549	1,314,119	–	–
Labuan Offshore	327,803	11,079	327,803	11,079
Hong Kong SAR	108,703	1,535,103	108,703	1,535,103
People's Republic of China	181,183	60,218	181,183	60,218
Vietnam	35,628	16,637	34,276	16,580
Brunei	15,088	19,781	15,088	19,781
Cambodia	221,331	110,249	–	–
Philippines	242,320	236,939	–	–
Thailand	36,444	32,723	–	–
Laos	735	7,986	735	7,986
Myanmar	3,778	5,402	3,778	5,402
Gross impaired loans, advances and financing	8,600,425	9,204,859	6,447,445	8,205,103

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

As at 31 December 2023

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 2023 were mainly due to the following:

- Gross carrying amount grew primarily from retail hire purchase receivables and housing loans/financing by 12% and 6% respectively while other term loans grew by 9% mainly from non-retail customers;
- The ECL for Stage 1 (12-month ECL) increased by RM57.3 million in tandem with higher growth in loans, advances and financing and accounts migrated into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement;
- The ECL for Stage 2 (lifetime ECL not credit impaired) decreased by RM44.4 million primarily due to loans, advances and financing reductions, accounts migrated to Stage 1 as a result of improved credit quality and offset by accounts migrated to Stage 3 due to deterioration in credit quality; and
- The ECL for Stage 3 (lifetime ECL credit impaired) decreased by RM1,343.5 million primarily due to significant loans, advances and financing written off during the year, which is still subject to recovery activity, for the Group and the Bank amounting to RM4,169.7 million (2022: RM3,078.8 million) and RM2,864.8 million (2022: RM2,131.0 million) respectively. This is offset by RM4,594.8 million of the Group's loans, advances and financing that were transferred into Stage 3 due to credit quality deterioration.

Notes to the Financial Statements

31 December 2023

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 2023 (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 2023	122,541	29,252	192,077	343,870
Transferred to Stage 2	(7,514)	7,514	–	–
Transferred to Stage 3	–	(1,019)	1,019	–
Net remeasurement of allowances	(3,110)	(6,765)	28,167	18,292
New financial assets originated or purchased	75,311	–	–	75,311
Financial assets derecognised	(40,197)	(96)	–	(40,293)
Changes in models/risk parameters	7,326	(1,696)	–	5,630
Exchange differences	6,721	1,236	2,178	10,135
At 31 December 2023	161,078	28,426	223,441	412,945
Bank				
At 1 January 2023	115,273	29,251	192,077	336,601
Transferred to Stage 2	(4,328)	4,328	–	–
Transferred to Stage 3	–	(1,019)	1,019	–
Net remeasurement of allowances	(3,109)	(16,968)	28,167	8,090
New financial assets originated or purchased	73,484	–	–	73,484
Financial assets derecognised	(38,861)	(96)	–	(38,957)
Changes in models/risk parameters	6,453	(1,696)	–	4,757
Exchange differences	6,705	1,240	2,178	10,123
At 31 December 2023	155,617	15,040	223,441	394,098

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 2023				
– as previously stated	2,006,303	3,329,989	6,398,130	11,734,422
– effect of adopting MFRS 17	(6,576)	–	–	(6,576)
At 1 January 2023, as restated	1,999,727	3,329,989	6,398,130	11,727,846
Transferred to Stage 1	316,521	(291,986)	(24,535)	–
Transferred to Stage 2	(100,733)	184,545	(83,812)	–
Transferred to Stage 3	(65,014)	(380,122)	445,136	–
Net remeasurement of allowances	43,412	793,102	3,469,170	4,305,684
New financial assets originated or purchased	747,473	233,646	–	981,119
Financial assets derecognised	(509,538)	(409,848)	(1,142,224)	(2,061,610)
Changes in models/risk parameters	(458,684)	(233,612)	(80,741)	(773,037)
Amount written off	–	–	(4,169,692)	(4,169,692)
Exchange differences	45,330	60,725	211,878	317,933
At 31 December 2023	2,018,494	3,286,439	5,023,310	10,328,243



Notes to the Financial Statements

31 December 2023

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 2023 (cont'd.)

At amortised cost (cont'd.)

	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
Bank				
At 1 January 2023	902,556	1,345,087	5,698,380	7,946,023
Transferred to Stage 1	114,169	(110,974)	(3,195)	–
Transferred to Stage 2	(32,801)	93,029	(60,228)	–
Transferred to Stage 3	(11,852)	(232,430)	244,282	–
Net remeasurement of allowances	111,104	260,222	1,883,292	2,254,618
New financial assets originated or purchased	301,715	56,246	–	357,961
Financial assets derecognised	(263,463)	(95,321)	(976,847)	(1,335,631)
Changes in models/risk parameters	(213,451)	(137,867)	(54,018)	(405,336)
Amount written off	–	–	(2,864,849)	(2,864,849)
Exchange differences	483	23,156	140,946	164,585
At 31 December 2023	908,460	1,201,148	4,007,763	6,117,371

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.

Notes to the Financial Statements

31 December 2023

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	
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total 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				
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	(340,509)	214,470	3,216,070	3,090,031
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, as restated	1,999,727	3,329,989	6,398,130	11,727,846
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



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31 December 2023

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
2023						
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
– Less than one year	61,478,282	436,607	(499,771)	39,351,350	253,207	(369,871)
– One year to three years	3,098,571	59,211	(13,287)	3,302,614	68,513	(26,862)
– More than three years	3,159,711	22,917	(15,947)	3,159,711	22,917	(15,947)
	67,736,564	518,735	(529,005)	45,813,675	344,637	(412,680)
Currency swaps:						
– Less than one year	470,799,759	4,064,499	(4,719,482)	490,007,692	4,050,961	(4,625,599)
– One year to three years	1,099,375	442	(1,925)	1,099,379	438	(1,925)
– More than three years	49,474	1,925	–	37,655	1,335	–
	471,948,608	4,066,866	(4,721,407)	491,144,726	4,052,734	(4,627,524)
Currency spots:						
– Less than one year	5,709,538	3,938	(9,207)	5,970,297	4,567	(9,708)
Currency options:						
– Less than one year	1,386,775	1,707	(5,682)	1,392,741	4,002	(5,836)
– One year to three years	1,220,363	5,268	(17,396)	1,335,105	8,363	(13,901)
	2,607,138	6,975	(23,078)	2,727,846	12,365	(19,737)
Cross currency interest rate swaps ¹ :						
– Less than one year	17,316,654	486,530	(606,984)	16,856,262	485,756	(585,495)
– One year to three years	26,151,245	424,545	(911,859)	26,249,488	506,006	(900,523)
– More than three years	14,589,248	442,336	(569,047)	14,493,989	455,348	(607,119)
	58,057,147	1,353,411	(2,087,890)	57,599,739	1,447,110	(2,093,137)
<u>Interest rate related contracts</u>						
Interest rate swaps ² :						
– Less than one year	384,241,912	982,571	(845,735)	384,361,292	994,094	(848,018)
– One year to three years	234,029,271	2,281,759	(2,078,066)	234,222,009	2,283,405	(2,079,713)
– More than three years	295,254,882	12,829,067	(13,846,538)	295,392,552	12,841,109	(13,849,173)
	913,526,065	16,093,397	(16,770,339)	913,975,853	16,118,608	(16,776,904)
Interest rate futures:						
– Less than one year	9,268,922	112,474	(33,469)	9,259,744	112,474	(33,431)
– One year to three years	917,800	–	(677)	917,800	–	(677)
	10,186,722	112,474	(34,146)	10,177,544	112,474	(34,108)
Interest rate options:						
– One year to three years	560,281	26,923	(28,580)	33,570	1,581	(3,238)
– More than three years	28,786,318	1,362,767	(2,855,411)	26,063,226	1,388,107	(2,880,751)
	29,346,599	1,389,690	(2,883,991)	26,096,796	1,389,688	(2,883,989)

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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
2023 (cont'd.)						
Trading derivatives (cont'd.)						
Equity related contracts						
Equity options:						
– Less than one year	2,122,724	138,387	(363,553)	118,806	8,962	(623)
– One year to three years	7,090	243	–	7,090	243	–
	2,129,814	138,630	(363,553)	125,896	9,205	(623)
Equity swaps:						
– Less than one year	1,172,098	56,345	(43,397)	–	–	–
Commodity related contracts						
Commodity options:						
– Less than one year	2,942,926	208,017	(208,017)	2,942,926	208,017	(208,017)
– One year to three years	2,763,606	196,080	(196,080)	2,763,606	196,080	(196,080)
	5,706,532	404,097	(404,097)	5,706,532	404,097	(404,097)
Commodity swaps:						
– Less than one year	25,656	905	(142)	11,636	364	(142)
– One year to three years	2,131	57	(50)	2,131	57	(50)
	27,787	962	(192)	13,767	421	(192)
Credit related contracts						
Credit default swaps:						
– Less than one year	55,393	1,669	(761)	55,393	1,669	(761)
– One year to three years	5,080	29	(14)	5,080	29	(14)
	60,473	1,698	(775)	60,473	1,698	(775)
Hedging derivatives						
Foreign exchange related contracts						
Cross currency interest rate swaps ¹ :						
– Less than one year	2,809,066	42,521	(109,495)	2,809,066	42,521	(109,495)
– One year to three years	4,365,081	138,484	(381,365)	4,365,081	138,484	(381,365)
– More than three years	1,839,295	153,772	(169,010)	1,839,295	153,772	(169,010)
	9,013,442	334,777	(659,870)	9,013,442	334,777	(659,870)
Interest rate related contracts						
Interest rate swaps ² :						
– Less than one year	2,534,964	85,831	(1,196)	2,534,964	85,831	(1,196)
– One year to three years	2,156,830	111,855	(13,146)	2,156,830	111,855	(13,146)
– More than three years	1,987,037	140,548	289,659	1,987,037	140,548	289,659
	6,678,831	338,234	275,317	6,678,831	338,234	275,317
Netting effects for reporting under MFRS 132	–	(3,172,675)	3,172,675	–	(3,093,854)	3,093,854
Total	1,583,907,358	21,647,554	(25,082,955)	1,575,105,417	21,476,761	(24,554,173)



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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						
Trading derivatives						
<u>Foreign exchange related contracts</u>						
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)
<u>Interest rate related contracts</u>						
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)

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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)

¹ The contractual notional amount of cross currency interest rate swaps held for hedging which is based on interbank offered rates ("IBOR") is nil (31 December 2022: RM7,171.5 million) for the Group and the Bank as all has transitioned to risk-free rate ("RFR").

² The contractual notional amount of interest rate swaps held for hedging which is based on IBOR is nil (31 December 2022: RM806.2 million) for the Group and the Bank.



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

Fair value hedge

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

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

During the financial year ended 31 December 2023, the Group and the Bank has discontinued a number of hedge relationships between the hedged items and hedging instruments due to a change in risk management objective resulting from the implementation of the Group Investment Management Framework ("GIMF").

A total gain of RM68,695,757 has been amortised in the profit or loss during the financial year with the remaining unamortised fair value hedge adjustment being RM1,372,651,940 which will be amortised over the average remaining maturity of the financial assets.

For the financial year ended 31 December 2023, the Group and the Bank recognised the following net gain/(loss) for both existing and discontinued hedges:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gain on the hedging instruments	1,979,523	1,366,414	2,001,193	1,388,252
Loss on the hedged items attributable to the hedged risk	(1,241,445)	(1,294,613)	(1,276,036)	(1,315,087)

14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE ASSETS/LIABILITIES AND REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/LIABILITIES

	Note	2023 RM'000	2022 RM'000 Restated
Group			
Insurance contract/takaful certificate assets		123,204	76,787
Insurance contract/takaful certificate liabilities		(44,497,551)	(42,497,471)
Insurance contract/takaful certificate liabilities, net	(i)	(44,374,347)	(42,420,684)
Reinsurance contract/retakaful certificate assets		5,698,832	7,576,222
Reinsurance contract/retakaful certificate liabilities		(83,001)	(749,188)
Reinsurance contract/retakaful certificate assets, net	(ii)	5,615,831	6,827,034

(i) Insurance contract/takaful certificate

	2023 RM'000	2022 RM'000 Restated
Group		
Remaining coverage	(33,547,824)	(31,776,661)
- Excluding loss component	(32,642,875)	(30,954,754)
- Loss component	(904,949)	(821,907)
Incurring claims	(10,597,871)	(10,329,483)
Insurance/takaful acquisition cash flow	(228,652)	(314,540)
	(44,374,347)	(42,420,684)

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14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE ASSETS/LIABILITIES AND REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONT'D.)**(i) Insurance contract/takaful certificate (cont'd.)**

The overview of the movement in net assets or liabilities for insurance contracts/takaful certificates issued is presented in the table below:

Group	2023				2022			
	Remaining coverage RM'000	Incurred claims RM'000	Insurance /takaful acquisition cash flows RM'000	Total RM'000	Remaining coverage RM'000 Restated	Incurred claims RM'000 Restated	Insurance /takaful acquisition cash flows RM'000 Restated	Total RM'000 Restated
Insurance contract/takaful certificate assets at 1 January	(5,963,293)	5,727,971	312,109	76,787	(3,329,574)	3,066,900	308,676	46,002
Insurance contract/takaful certificate liabilities at 1 January	(25,813,368)	(16,057,454)	(626,649)	(42,497,471)	(36,942,005)	(5,241,960)	(4,963)	(42,188,928)
As at 1 January, net	(31,776,661)	(10,329,483)	(314,540)	(42,420,684)	(40,271,579)	(2,175,060)	303,713	(42,142,926)
Changes in income statements or other comprehensive income								
Insurance/takaful revenue (Note 38(i))	9,404,184	(692,073)	(168,513)	8,543,598	3,526,362	4,125,798	(131,400)	7,520,760
Insurance/takaful service expenses (Note 38(ii))	(6,656,848)	(60,221)	332,128	(6,384,941)	7,185,342	(13,170,122)	(405,306)	(6,390,086)
Net income/(expenses) from reinsurance contracts/retakaful certificates held (Note 38(iii))	979,590	(2,588,149)	-	(1,608,559)	1,494,334	(2,413,316)	-	(918,982)
Exchange differences	(607,554)	842,493	-	234,939	(566,227)	(84,420)	-	(650,647)
Amount recognised in income statements or other comprehensive income	3,119,372	(2,497,950)	163,615	785,037	11,639,811	(11,542,060)	(536,706)	(438,955)
Net cash flows	(4,890,535)	2,229,562	(77,727)	(2,738,700)	(3,144,893)	3,387,637	(81,547)	161,197
As at 31 December, net	(33,547,824)	(10,597,871)	(228,652)	(44,374,347)	(31,776,661)	(10,329,483)	(314,540)	(42,420,684)
Insurance contract/takaful certificate assets at 31 December	(5,675,160)	5,588,230	210,134	123,204	(5,963,293)	5,727,971	312,109	76,787
Insurance contract/takaful certificate liabilities at 31 December	(27,872,664)	(16,186,101)	(438,786)	(44,497,551)	(25,813,368)	(16,057,454)	(626,649)	(42,497,471)
As at 31 December, net	(33,547,824)	(10,597,871)	(228,652)	(44,374,347)	(31,776,661)	(10,329,483)	(314,540)	(42,420,684)



Notes to the Financial Statements

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14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE ASSETS/LIABILITIES AND REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSETS/LIABILITIES (CONT'D.)

(ii) Reinsurance contract/retakaful certificate

Group	2023 RM'000	2022 RM'000 Restated
Remaining coverage	2,543,444	1,746,201
- Excluding loss component	2,514,913	1,720,221
- Loss component	28,531	25,980
Amounts recoverable for incurred claims	3,072,387	5,080,833
	5,615,831	6,827,034

The overview of the movement in net assets or liabilities for reinsurance contracts/retakaful certificates held is presented in the table below:

Group	2023			2022		
	Remaining coverage RM'000	Amounts recoverable for incurred claims RM'000	Total RM'000	Remaining coverage RM'000 Restated	Amounts recoverable for incurred claims RM'000 Restated	Total RM'000 Restated
Reinsurance contract/retakaful certificate assets at 1 January	1,995,376	5,580,846	7,576,222	1,598,413	5,539,390	7,137,803
Reinsurance contract/retakaful certificate liabilities at 1 January	(249,174)	(500,014)	(749,188)	(31,777)	(19,583)	(51,360)
As at 1 January, net	1,746,202	5,080,832	6,827,034	1,566,636	5,519,807	7,086,443
<u>Changes in income statements or other comprehensive income</u>						
Finance (expenses)/income from insurance contracts/takaful certificates issued (Note 41(i))	(1,244,518)	(312,438)	(1,556,956)	(1,338,719)	1,789,793	451,074
Finance (expenses)/income from reinsurance contracts/retakaful certificates held (Note 41(ii))	(492,241)	503,346	11,105	(42,037)	38,927	(3,110)
Exchange differences	93,394	20,227	113,621	129,858	(5,286)	124,572
Amount recognised in income statements or other comprehensive income	(1,643,365)	211,135	(1,432,230)	(1,250,898)	1,823,434	572,536
Net cash flows	2,440,607	(2,219,580)	221,027	1,430,464	(2,262,409)	(831,945)
As at 31 December, net	2,543,444	3,072,387	5,615,831	1,746,202	5,080,832	6,827,034
Reinsurance contract/retakaful certificate assets at 31 December	3,050,427	2,648,405	5,698,832	1,995,376	5,580,846	7,576,222
Reinsurance contract/retakaful certificate liabilities at 31 December	(506,983)	423,982	(83,001)	(249,174)	(500,014)	(749,188)
As at 31 December, net	2,543,444	3,072,387	5,615,831	1,746,202	5,080,832	6,827,034

Notes to the Financial Statements

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15. OTHER ASSETS

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Other debtors	(i)	7,658,113	7,301,495	5,525,742	6,637,095
Amount due from brokers and clients	55	2,405,763	2,421,721	–	–
Prepayments and deposits		1,680,979	983,587	311,043	326,216
Tax recoverable		556,070	416,790	423,976	282,220
Foreclosed properties		431,933	408,480	28,500	28,500
		12,732,858	11,532,073	6,289,261	7,274,031
Allowances for impairment losses	(ii)	(66,902)	(79,410)	(31,156)	(44,374)
		12,665,956	11,452,663	6,258,105	7,229,657

(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 RM879,594,000 (2022: RM831,975,000).

(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 2023

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 2023 were mainly due to write-off of 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 2023	5,839	48	73,523	79,410
Transferred to Stage 3	(4,608)	–	4,608	–
Net movement of allowances	3,032	9	4,365	7,406
Amount written off	–	–	(13,459)	(13,459)
Exchange differences	(3,990)	18	(2,483)	(6,455)
At 31 December 2023	273	75	66,554	66,902
Bank				
At 1 January 2023	–	–	44,374	44,374
Net movement of allowances	–	–	298	298
Amount written off	–	–	(8,851)	(8,851)
Exchange differences	–	–	(4,665)	(4,665)
At 31 December 2023	–	–	31,156	31,156



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15. OTHER ASSETS (CONT'D.)

(ii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on other assets are as follows (cont'd.):

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 movement 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 movement of allowances	–	–	25,276	25,276
Exchange differences	–	–	199	199
At 31 December 2022	–	–	44,374	44,374

16. INVESTMENT PROPERTIES

Group	2023 RM'000	2022 RM'000
At fair value		
At 1 January	988,895	975,048
Additions	856	609
Fair value adjustments (Note 40)	29,977	13,531
Disposal	–	(137)
Exchange differences	230	(156)
At 31 December	1,019,958	988,895

The following investment properties are held under lease terms:

Group	2023 RM'000	2022 RM'000
At fair value		
Leasehold land	197,081	158,680
Buildings	279,832	301,395
	476,913	460,075

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 54(b).

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17. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Bank Negara Malaysia	(i)	2,708,529	5,875,028	2,708,529	2,369,292
Other central banks	(ii)	13,033,181	7,904,948	1,982,617	358,919
		15,741,710	13,779,976	4,691,146	2,728,211
Allowances for impairment losses	(iii)	(1,975)	(2,652)	–	–
		15,739,735	13,777,324	4,691,146	2,728,211

- (i) The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with the requirements of the Central Bank of Malaysia Act 2009, the amount of which is determined as set percentages of total eligible liabilities.
- (ii) The statutory deposits of the foreign branches and foreign subsidiaries are denominated in foreign currencies and maintained with the central banks of the respective countries, in compliance with the applicable legislations in the respective countries.
- (iii) Analysis of changes in allowances for impairment losses on statutory deposits with central banks are as follows:

Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2023				
At 1 January 2023	2,652	–	–	2,652
Net movement of allowances	(822)	–	–	(822)
Exchange differences	145	–	–	145
At 31 December 2023	1,975	–	–	1,975

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				
At 1 January 2022	1,084	–	–	1,084
Net movement of allowances	1,678	–	–	1,678
Exchange differences	(110)	–	–	(110)
At 31 December 2022	2,652	–	–	2,652



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18. INVESTMENT IN SUBSIDIARIES

Bank	2023 RM'000	2022 RM'000
Unquoted shares, at cost		
– In Malaysia	36,109,491	35,483,877
– Outside Malaysia	1,334,410	1,334,410
	37,443,901	36,818,287
Less: Accumulated impairment losses	(2,957,660)	(2,957,660)
	34,486,241	33,860,627

The following are major events of the Group and of the Bank during the financial year ended 31 December 2023:

(i) Capital repayment from Myfin Berhad

On 31 January 2023, the Bank received capital repayment of RM69.7 million from Myfin Berhad, a wholly-owned subsidiary of the Bank.

The Bank recorded the excess of capital repayment of RM50.7 million as disclosed in Note 40.

(ii) 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 22 March 2023, the Bank subscribed to rights issue of 24,006,125 new ordinary shares issued by MIB, at an issue price of RM26.95 per ordinary share for a total consideration of RM646,955,466.

(iii) Disposal of Singapore Unit Trusts Limited

On 6 June 2023, Maybank Asset Management Singapore Pte. Ltd. (“MAMS”), an 80% subsidiary of the Bank through Maybank Asset Management Group Berhad (“MAMG”), had entered into a Sales and Purchase Agreement with a third party, to dispose of Singapore Unit Trusts Limited (“SUTL”) for a consideration of SGD58,000 (or equivalent amount of RM198,000).

The Group recorded a loss on disposal of subsidiaries amounting to RM47,000 as disclosed in Note 40.

(iv) Dissolution of MAM DP Ltd.

On 21 June 2023, MAM DP Ltd. was declared dissolved by Labuan Financial Services Authority, a wholly-owned subsidiary of Maybank Private Equity Sdn. Bhd., an 80% subsidiary of the Bank through MAMG.

The Group recorded a gain on disposal of subsidiaries amounting to RM37,000 as disclosed in Note 40.

(v) Investments and redemption of deemed controlled structured entities by the Bank

During the financial year ended 31 December 2023, the Bank had invested and redeemed its investments in deemed controlled structured entities as follows:

- (a) The Bank invested into Maybank Dana Ekuitas, an equity fund managed by PT Maybank Asset Management, a 79.2% subsidiary of the Bank through MAMG, an 80% subsidiary of the Bank, for an equivalent amount of RM15.9 million as a deemed controlled structured entity.
- (b) The Bank invested into MAMG Inverse ETF Fund, an equity fund managed by Maybank Asset Management Sdn. Bhd. (“MAM”), an 80% subsidiary of the Bank through MAMG, an 80% subsidiary of the Bank, for an equivalent amount of RM5.0 million as a deemed controlled structured entity.
- (c) The Bank redeemed its investment in Maybank Enhanced Income Fund, an equity fund managed by MAM, an 80% subsidiary of the Bank through MAMG, for an amount of RM23.28 million.

The Bank recorded net gain on redemption of the investment in deemed controlled structured entity amounting to RM4,264,000 as disclosed in Note 40.

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18. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

(vii) Reclassification of investment in Philmay 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 a 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.

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 64(a).



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18. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

	EIH		MBI		MIBGH	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Summarised income statements:						
Interest income	802,558	1,662,502	3,612,424	3,141,354	655,409	396,635
Interest expense	(41,930)	(39,527)	(1,324,945)	(949,872)	(336,392)	(131,192)
Net interest income	760,628	1,622,975	2,287,479	2,191,482	319,017	265,443
Insurance/takaful service result	508,310	211,692	–	–	–	–
Other operating income/(loss)	1,632,272	(1,703,169)	425,184	420,993	433,043	479,888
Total operating income	2,901,210	131,498	2,712,663	2,612,475	752,060	745,331
Net insurance/takaful investment/finance result	(1,816,600)	447,964	–	–	–	–
Net operating income	1,084,610	579,462	2,712,663	2,612,475	752,060	745,331
Overhead expenses	(226,709)	(123,016)	(1,791,212)	(1,627,363)	(631,244)	(613,007)
Operating profit before impairment losses	857,901	456,446	921,451	985,112	120,816	132,324
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	12,041	(4,370)	(133,014)	(231,592)	(12,728)	1,926
Writeback of/(allowances for) impairment losses on financial investments, net	126,478	(105,825)	(855)	(2,527)	–	–
(Allowances for)/writeback of impairment losses on other financial assets, net	(19,967)	4,559	895	172	(3,324)	(1,544)
Operating profit	976,453	350,810	788,477	751,165	104,764	132,706
Share of profits/(losses) in associates	–	–	–	–	761	(1,099)
Profit before taxation and zakat	976,453	350,810	788,477	751,165	105,525	131,607
Taxation and zakat	(276,591)	(484,830)	(189,494)	(167,805)	(50,040)	(57,498)
Profit/(loss) for the financial year	699,862	(134,020)	598,983	583,360	55,485	74,109
Attributable to:						
Equity holders of the Bank	909,891	(38,871)	575,395	563,896	41,304	55,422
Non-controlling interests	(210,029)	(95,149)	23,588	19,464	14,181	18,687
	699,862	(134,020)	598,983	583,360	55,485	74,109
Dividends paid to non-controlling interests of the Group	117,618	77,455	8,176	5,028	12,588	10,023
Summarised statements of financial position:						
Total assets	55,843,260	52,686,992	50,384,749	44,740,130	12,439,788	12,374,775
Total liabilities	(47,012,657)	(45,326,249)	(42,059,104)	(37,243,849)	(10,473,631)	(10,491,596)
Total equity	8,830,603	7,360,743	8,325,645	7,496,281	1,966,157	1,883,179
Attributable to:						
Equity holders of the Bank	6,237,868	5,236,800	8,166,063	7,362,157	1,852,330	1,774,361
Non-controlling interests	2,592,735	2,123,943	159,582	134,124	113,827	108,818
	8,830,603	7,360,743	8,325,645	7,496,281	1,966,157	1,883,179
Summarised cash flow statements:						
Operating activities	(221,289)	392,124	1,570,503	(2,949,602)	(1,246,854)	1,384,589
Investing activities	532,016	(282,849)	(1,200,574)	(110,834)	(15,174)	(17,651)
Financing activities	(276,559)	(218,550)	(748,028)	536,540	1,194,010	(1,680,144)
Net increase/(decrease) in cash and cash equivalents	34,168	(109,275)	(378,099)	(2,523,896)	(68,018)	(313,206)

Details of the subsidiaries of the Bank are disclosed in Note 64(a).

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19. INTEREST IN ASSOCIATES AND JOINT VENTURES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Equity interest				
Unquoted shares, at cost	699,604	699,604	438,859	438,859
Quoted shares, at cost	2,864,864	2,864,864	–	–
Exchange differences	(2,397,930)	(2,216,092)	–	–
	1,166,538	1,348,376	438,859	438,859
Share of post-acquisition reserves	1,358,002	1,277,874	–	–
	2,524,540	2,626,250	438,859	438,859
Less: Accumulated impairment losses	(419,006)	(419,006)	–	–
	2,105,534	2,207,244	438,859	438,859
Market value of quoted shares	632,052	502,502	–	–

- (i) The carrying amount of interest in joint ventures of the Group has been reduced to zero since 31 December 2019.
- (ii) 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 2023	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	5,694,429	1,970,741	58,036	7,723,206
Interest expense	(3,092,785)	(1,457,821)	(23,403)	(4,574,009)
Net interest income	2,601,644	512,920	34,633	3,149,197
Other operating income	615,044	243,984	192,194	1,051,222
Net operating income	3,216,688	756,904	226,827	4,200,419
Overhead expenses	(1,002,623)	(426,747)	(191,983)	(1,621,353)
Operating profit before impairment losses	2,214,065	330,157	34,844	2,579,066
Allowances for impairment losses on loans, advances and financing, net	(39,221)	(254,658)	(1,225)	(295,104)
Operating profit	2,174,844	75,499	33,619	2,283,962
Share of profits in associates	19,538	–	–	19,538
Profit before taxation	2,194,382	75,499	33,619	2,303,500
Taxation	(989,766)	(22,752)	(3,516)	(1,016,034)
Profit for the financial year	1,204,616	52,747	30,103	1,287,466
Group's share of profits for the financial year	226,227	8,645	5,453	240,325
Dividends paid by the associates during the financial year	97,598	–	736	98,334



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31 December 2023

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

- (ii) 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 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

Summarised statements of financial position:

Group	MCB Bank RM'000	An Binh Commercial Joint Stock Bank RM'000	Other individually immaterial associates and joint ventures RM'000	Total RM'000
2023				
Total assets	42,776,470	29,377,762	1,315,665	73,469,897
Total liabilities	(39,390,390)	(26,880,334)	(1,169,858)	(67,440,582)
Total equity	3,386,080	2,497,428	145,807	6,029,315
Proportion of Group's ownership	635,906	409,328	39,113	1,084,347
Goodwill	567,854	216,521	236,812	1,021,187
Carrying amount of the investment	1,203,760	625,849	275,925	2,105,534
2022				
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

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31 December 2023

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

- (iii) Details of the associates and joint ventures of the Group and of the Bank are disclosed in Note 64(c) and Note 64(d) respectively.
- (iv) The details of goodwill included within the Group's carrying amount of interest in associates and joint ventures are as follows:

Group	2023 RM'000	2022 RM'000
At 1 January	1,117,542	1,313,707
Impairment of goodwill	-	(58,000)
Exchange differences	(96,355)	(138,165)
At 31 December	1,021,187	1,117,542

20. PROPERTY, PLANT AND EQUIPMENT

Group As at 31 December 2023	*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 2023	2,289,337	1,591,417	1,781,284	311,966	58,563	34,219	6,066,786
Additions	2,208	82,978	274,856	16,326	12,484	46,836	435,688
Disposals	(464)	(30,563)	(46,752)	(2,631)	(9,982)	(81)	(90,473)
Write-offs (Note 42)	-	(25,356)	(14,857)	(4,075)	(9,831)	-	(54,119)
Transferred between categories	-	10,930	(139)	16,116	-	(26,907)	-
Transferred from/(to) intangible assets (Note 22)	-	5,168	82	8,729	-	(13,008)	971
Exchange differences	66,938	23,081	52,775	3,044	2,934	3,085	151,857
At 31 December 2023	2,358,019	1,657,655	2,047,249	349,475	54,168	44,144	6,510,710
Accumulated depreciation and impairment losses							
At 1 January 2023	888,308	1,354,287	1,356,792	275,254	50,080	-	3,924,721
Depreciation charge for the financial year (Notes 38(ii) & 42)	45,035	79,556	174,110	13,534	10,261	-	322,496
Disposals	(241)	(28,270)	(37,827)	(2,296)	(9,090)	-	(77,724)
Write-offs (Note 42)	-	(24,885)	(14,844)	(4,068)	(3,233)	-	(47,030)
Transferred between categories	-	(21)	-	21	-	-	-
Transferred from intangible assets (Note 22)	-	-	82	-	-	-	82
Exchange differences	21,860	28,123	39,731	(6,422)	(4,373)	-	78,919
At 31 December 2023	954,962	1,408,790	1,518,044	276,023	43,645	-	4,201,464
Analysed as:							
Accumulated depreciation	947,458	1,408,786	1,518,044	276,023	43,645	-	4,193,956
Accumulated impairment losses	7,504	4	-	-	-	-	7,508
	954,962	1,408,790	1,518,044	276,023	43,645	-	4,201,464
Net carrying amount							
At 31 December 2023	1,403,057	248,865	529,205	73,452	10,523	44,144	2,309,246



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

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 42)	–	(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 (Notes 38(ii) & 42)	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 42)	–	(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	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 2023							
*Properties consist of:							
Cost							
At 1 January 2023	109,975	488,147	417,015	669,137	170,575	434,488	2,289,337
Additions	27	388	1,793	–	–	–	2,208
Disposals	–	–	(464)	–	–	–	(464)
Transferred between categories	–	–	–	–	16	(16)	–
Exchange differences	866	3,446	8,205	35,915	5,600	12,906	66,938
At 31 December 2023	110,868	491,981	426,549	705,052	176,191	447,378	2,358,019
Accumulated depreciation and impairment losses							
At 1 January 2023	56	280,083	262,354	239,366	10,189	96,260	888,308
Depreciation charge for the financial year	–	10,058	26,973	4,741	423	2,840	45,035
Disposals	–	–	(64)	–	–	(177)	(241)
Exchange differences	–	(489)	(1,219)	12,118	–	11,450	21,860
At 31 December 2023	56	289,652	288,044	256,225	10,612	110,373	954,962
Analysed as:							
Accumulated depreciation	2	283,673	287,175	255,799	10,612	110,197	947,458
Accumulated impairment losses	54	5,979	869	426	–	176	7,504
	56	289,652	288,044	256,225	10,612	110,373	954,962
Net carrying amount							
At 31 December 2023	110,812	202,329	138,505	448,827	165,579	337,005	1,403,057
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



Notes to the Financial Statements

31 December 2023

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 2023							
Cost							
At 1 January 2023	1,308,616	937,719	330,793	217,364	11,766	2,758	2,809,016
Additions	434	16,327	11,162	11,839	1,613	20,920	62,295
Disposals	–	(92)	(3,228)	(1,286)	(1,507)	(81)	(6,194)
Write-offs (Note 42)	–	(14,904)	(3,938)	(4,075)	(436)	–	(23,353)
Transferred between categories	–	2,840	–	465	–	(3,305)	–
Transferred from intangible assets (Note 22)	–	96	83	–	–	–	179
Transferred to a subsidiary	–	(3,996)	–	–	–	–	(3,996)
Exchange differences	31,396	596	1,386	188	(119)	2,797	36,244
At 31 December 2023	1,340,446	938,586	336,258	224,495	11,317	23,089	2,874,191
Accumulated depreciation							
At 1 January 2023	612,861	845,032	283,788	188,075	9,567	–	1,939,323
Depreciation charge for the financial year (Note 42)	23,250	26,013	17,853	9,860	981	–	77,957
Disposals	–	(92)	(3,203)	(1,279)	(1,507)	–	(6,081)
Write-offs (Note 42)	–	(14,872)	(3,937)	(4,068)	(436)	–	(23,313)
Transferred from intangible assets (Note 22)	–	–	82	–	–	–	82
Exchange differences	14,479	1,700	1,203	168	(152)	–	17,398
At 31 December 2023	650,590	857,781	295,786	192,756	8,453	–	2,005,366
Net carrying amount							
At 31 December 2023	689,856	80,805	40,472	31,739	2,864	23,089	868,825
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 42)	–	(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 42)	22,805	27,396	18,641	8,351	643	–	77,836
Disposals	(293)	(28)	(2,066)	(7)	(1,174)	–	(3,568)
Write-offs (Note 42)	–	(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

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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 2023							
*Properties consist of:							
Cost							
At 1 January 2023	105,113	403,314	319,120	369,322	19,290	92,457	1,308,616
Additions	27	387	20	–	–	–	434
Transferred between categories	–	–	–	–	16	(16)	–
Exchange differences	878	1,111	2,715	24,824	12	1,856	31,396
At 31 December 2023	106,018	404,812	321,855	394,146	19,318	94,297	1,340,446
Accumulated depreciation							
At 1 January 2023	–	245,080	187,421	146,315	8,380	25,665	612,861
Depreciation charge for the financial year	–	8,046	13,243	622	370	969	23,250
Exchange differences	–	333	3,996	9,347	11	792	14,479
At 31 December 2023	–	253,459	204,660	156,284	8,761	27,426	650,590
Net carrying amount							
At 31 December 2023	106,018	151,353	117,195	237,862	10,557	66,871	689,856
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

[^] 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 2023					
Cost					
At 1 January 2023	1,795,702	1,123	447,083	24,596	2,268,504
Additions	287,132	358	689,261	1,210	977,961
Termination	(242,403)	(274)	(261,902)	(2,652)	(507,231)
Modification	22,527	–	40,087	–	62,614
Exchange differences	62,643	84	6,431	1,300	70,458
At 31 December 2023	1,925,601	1,291	920,960	24,454	2,872,306
Accumulated depreciation					
At 1 January 2023	795,478	687	279,536	16,027	1,091,728
Depreciation charge for the financial year (Notes 38(ii) & 42)	274,141	221	298,835	4,487	577,684
Termination	(196,195)	(255)	(215,596)	(2,619)	(414,665)
Modification	(1,143)	–	(46,252)	–	(47,395)
Exchange differences	23,266	59	4,664	828	28,817
At 31 December 2023	895,547	712	321,187	18,723	1,236,169
Net carrying amount					
At 31 December 2023	1,030,054	579	599,773	5,731	1,636,137
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 (Notes 38(ii) & 42)	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

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31 December 2023

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 2023					
Cost					
At 1 January 2023	861,619	590	387	597	863,193
Additions	100,564	69	–	121	100,754
Termination	(56,769)	(42)	–	(153)	(56,964)
Modification	(19,182)	–	–	–	(19,182)
Exchange differences	14,230	35	5	29	14,299
At 31 December 2023	900,462	652	392	594	902,100
Accumulated depreciation					
At 1 January 2023	312,360	326	48	148	312,882
Depreciation charge for the financial year (Note 42)	116,283	91	152	118	116,644
Termination	(53,020)	(33)	–	(153)	(53,206)
Modification	(582)	–	–	–	(582)
Exchange differences	6,701	21	1	4	6,727
At 31 December 2023	381,742	405	201	117	382,465
Net carrying amount					
At 31 December 2023	518,720	247	191	477	519,635
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 42)	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

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 2023 are RM2,138,719,000 (2022: RM1,675,390,000) and RM597,063,000 (2022: RM628,013,000) 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 2023								
Cost								
At 1 January 2023	7,304,759	301,678	82,742	167,987	11,141	3,247,851	352,583	11,468,741
Additions	-	-	-	-	-	137,791	328,072	465,863
Disposals	-	-	-	-	-	(311)	-	(311)
Write-offs (Note 42)	-	-	-	-	-	(20,646)	(756)	(21,402)
Transferred between categories	-	-	-	-	-	156,979	(156,979)	-
Transferred from/(to) property, plant and equipment (Note 20)	-	-	-	-	-	57,925	(58,896)	(971)
Exchange differences	384,776	15,990	-	4,775	-	46,590	7,962	460,093
At 31 December 2023	7,689,535	317,668	82,742	172,762	11,141	3,626,179	471,986	12,372,013
Accumulated amortisation								
At 1 January 2023	-	301,678	82,742	167,987	-	2,463,095	-	3,015,502
Amortisation charge for the financial year (Notes 38(ii) & 42)	-	-	-	-	-	251,126	-	251,126
Disposal	-	-	-	-	-	(141)	-	(141)
Write-offs (Note 42)	-	-	-	-	-	(20,619)	-	(20,619)
Transferred to property, plant and equipment (Note 20)	-	-	-	-	-	(82)	-	(82)
Exchange differences	-	15,990	-	4,775	-	36,487	-	57,252
At 31 December 2023	-	317,668	82,742	172,762	-	2,729,866	-	3,303,038
Accumulated impairment losses								
At 1 January 2023	1,706,114	-	-	-	-	-	-	1,706,114
Exchange differences	950	-	-	-	-	-	-	950
At 31 December 2023	1,707,064	-	-	-	-	-	-	1,707,064
Net carrying amount								
At 31 December 2023	5,982,471	-	-	-	11,141	896,313	471,986	7,361,911

Notes to the Financial Statements

31 December 2023

22. INTANGIBLE ASSETS (CONT'D.)

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 42)	–	–	–	–	–	(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 (Notes 38(ii) & 42)	–	–	–	–	–	270,960	–	270,960
Disposal	–	–	–	–	–	(148)	–	(148)
Write-offs (Note 42)	–	–	–	–	–	(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



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31 December 2023

22. INTANGIBLE ASSETS (CONT'D.)

Bank	Goodwill RM'000	Computer Software RM'000	Software-in- Development RM'000	Total RM'000
As at 31 December 2023				
Cost				
At 1 January 2023	81,015	1,163,975	85,692	1,330,682
Additions	–	10,860	176,669	187,529
Write-offs (Note 42)	–	(10,947)	(756)	(11,703)
Transferred between categories	–	1,327	(1,327)	–
Transferred from/(to) property, plant and equipment (Note 20)	–	55,274	(55,453)	(179)
Exchange differences	–	2,055	(60)	1,995
At 31 December 2023	81,015	1,222,544	204,765	1,508,324
Accumulated amortisation				
At 1 January 2023	–	904,886	–	904,886
Amortisation charge for the financial year (Note 42)	–	69,697	–	69,697
Write-offs (Note 42)	–	(10,947)	–	(10,947)
Transferred from property, plant and equipment (Note 20)	–	(82)	–	(82)
Exchange differences	–	1,474	–	1,474
At 31 December 2023	–	965,028	–	965,028
Net carrying amount				
At 31 December 2023	81,015	257,516	204,765	543,296
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 42)	–	(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 42)	–	73,519	–	73,519
Write-offs (Note 42)	–	(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

Notes to the Financial Statements

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22. INTANGIBLE ASSETS (CONT'D.)

(i) Goodwill

Goodwill has been allocated to the Group's Cash-Generating Units ("CGUs") identified according to the following business segments:

Group	Note	2023 RM'000	2022 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		(293,107)	(676,933)
		5,982,471	5,598,645

Bank	Note	2023 RM'000	2022 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 years ended 31 December 2023 and 2022, the impairment losses recognised for the CGUs were nil.

(a) The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a 10-year period.

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

- (i) The Bank expects the AMEX card services business to be a going concern;
- (ii) The growth in business volume is expected to be consistent with the industry growth rate of 9.0% to 12.0% per annum; and
- (iii) The discount rate applied is the internal weighted average cost of capital of the Bank at the time of assessment, which is estimated to be 6.44% per annum (2022: 5.93% per annum).

(b) The value-in-use discounted cash flow model uses free cash flow to equity ("FCFE") projections prepared and approved by management covering a 5-year period.

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

- (i) The Bank expects Maybank Indonesia's banking business operations to be a going concern;
- (ii) The discount rate applied is based on current specific country risks which is estimated to be approximately 12.7% per annum (2022: 10.3% per annum); and
- (iii) Terminal value whereby cash flow growth rate of 5.0% (2022: 5.2%).

For sensitivity analysis purposes, a 10 basis points change in the discount rate would increase or decrease the recoverable amount by RM254.5 million and RM261.3 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 RM200.5 million and RM195.4 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 8.3% per annum (2022: 8.8% per annum); and
- (iii) Terminal value whereby cash flow growth rate is 4.5% (2022: 5.6%), 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 4.1% or the discount rate increased to approximately 16.9%, 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 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	338,484,742	288,829,538	168,785,966	147,069,267
- More than one year	5,262,596	8,678,151	1,671,026	1,360,535
	343,747,338	297,507,689	170,456,992	148,429,802
Money market deposits	92,717,328	76,894,298	24,511,481	10,175,820
Savings deposits	91,945,677	91,065,792	32,501,601	34,263,311
Demand deposits	141,948,993	149,427,315	72,206,065	81,985,228
	670,359,336	614,895,094	299,676,139	274,854,161

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31 December 2023

23. DEPOSITS FROM CUSTOMERS (CONT'D.)

The deposits are sourced from the following types of customers:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Business enterprises	321,757,207	277,008,600	181,905,063	158,132,250
Individuals	252,096,036	230,613,145	82,240,142	83,639,653
Government and statutory bodies	46,551,421	52,219,059	13,396,190	13,797,858
Others	49,954,672	55,054,290	22,134,744	19,284,400
	670,359,336	614,895,094	299,676,139	274,854,161

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Within six months	253,874,268	230,952,662	129,783,677	125,929,702
Six months to one year	84,610,474	57,876,876	39,002,289	21,139,565
One year to three years	4,919,566	8,561,099	1,364,284	1,297,992
Three years to five years	172,871	117,052	136,583	62,543
More than five years	170,159	-	170,159	-
	343,747,338	297,507,689	170,456,992	148,429,802

24. DEPOSITS AND PLACEMENTS FROM FINANCIAL INSTITUTIONS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Licensed banks	41,889,399	49,139,318	56,227,471	65,244,035
Licensed finance companies	164,567	55,217	164,568	55,217
Licensed investment banks	681,618	878,171	681,618	878,171
Other financial institutions	1,941,308	1,821,074	1,148,126	617,021
	44,676,892	51,893,780	58,221,783	66,794,444

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
One year or less	39,390,242	49,454,866	53,682,671	65,351,189
More than one year	5,286,650	2,438,914	4,539,112	1,443,255
	44,676,892	51,893,780	58,221,783	66,794,444



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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Structured deposits	322,871	209,827	322,871	209,827
Borrowings				
Unsecured				
Medium term notes				
– More than one year				
Denominated in:				
– USD	8,443,692	8,107,257	8,443,692	8,107,257
Total financial liabilities at fair value through profit or loss	8,766,563	8,317,084	8,766,563	8,317,084

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 contractual carrying amounts of both structured deposits and borrowings designated at FVTPL of the Group and of the Bank as at 31 December 2023 were RM324,375,000 (2022: RM211,019,000) and RM14,123,352,000 (2022: RM12,742,015,000) 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	8,107,257	10,655,978	8,107,257	10,655,978
Non-cash changes:				
Fair value changes	(1,046,487)	(3,549,602)	(1,046,487)	(3,549,602)
Others	885,086	367,395	885,086	367,395
Exchange differences	497,836	633,486	497,836	633,486
At 31 December	8,443,692	8,107,257	8,443,692	8,107,257

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26. OTHER LIABILITIES

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Amount due to brokers and clients	55	5,003,307	6,515,828	-	-
Deposits, other creditors and accruals		11,288,218	10,276,385	7,975,735	8,696,564
Defined benefit pension plans	(i)	524,485	483,374	-	-
Provisions for commitments and contingencies	(ii)	28,976	38,880	18,176	28,080
Allowances for impairment losses on loan commitments and financial guarantee contracts	(iii)	345,443	454,808	189,089	268,678
Lease liabilities	(iv)	1,513,084	1,139,694	520,650	543,134
Structured deposits		7,237,415	7,037,114	474,416	264,786
		25,940,928	25,946,083	9,178,066	9,801,242

(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.

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	2023 RM'000	2022 RM'000
Within the next 12 months	56,918	86,574
Between 1 and 5 years	236,380	207,599
Between 5 and 10 years	429,047	417,615
Beyond 10 years	3,051,930	2,059,727
Total expected payments	3,774,275	2,771,515



Notes to the Financial Statements

31 December 2023

26. OTHER LIABILITIES (CONT'D.)

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

(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 2023			
At 1 January 2023	522,644	(39,270)	483,374
Included in income statements:			
Current service cost	68,482	-	68,482
Past service income	(2,084)	-	(2,084)
Interest income/(cost)	35,706	(2,234)	33,472
Actuarial gain on other long-term employee benefits plans	(737)	-	(737)
	101,367	(2,234)	99,133
Included in statements of comprehensive income:			
Remeasurement (gain)/loss:			
- Actuarial (gain)/loss arising from:			
- Demographic assumptions	(224)	-	(224)
- Financial assumptions	6,839	-	6,839
- Experience adjustments	(34,091)	-	(34,091)
- Return on plan assets (excluding interest income)	52	747	799
	(27,424)	747	(26,677)
Others:			
Contributions paid by employers	(269)	(9,975)	(10,244)
Benefits paid	(51,030)	13,804	(37,226)
Exchange differences	16,094	31	16,125
	(35,205)	3,860	(31,345)
At 31 December 2023	561,382	(36,897)	524,485

Notes to the Financial Statements

31 December 2023

26. 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 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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31 December 2023

26. OTHER LIABILITIES (CONT'D.)

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

(c) Plan assets

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

Group	2023 RM'000	2022 RM'000
Cash and cash equivalents	8,955	6,767
Quoted investments in active markets:		
Equity securities:		
- Consumer markets	3,265	-
- Financial institutions	4,662	4,930
Bonds issued by foreign governments	18,449	19,638
Debt instruments	2,003	-
Other receivables	1,100	8,443
Other payables	(1,537)	(508)
	36,897	39,270

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.

(d) Defined benefit obligations

(A) Actuarial assumptions

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

Group	2023 %	2022 %
Discount rate		
- Indonesia	6.73	6.85
- Philippines	6.17	6.52
- Thailand	2.80	2.50
Future salary growth		
- Indonesia	6.50	7.00
- Philippines	4.77	3.10
- Thailand	5.00	5.00

Notes to the Financial Statements

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26. OTHER LIABILITIES (CONT'D.)

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

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

(A) Actuarial assumptions (cont'd.)

The principal assumptions used by subsidiaries in determining its pension obligations are as follows (cont'd.):

Group	2023 Years	2022 Years
Indonesia:		
Life expectancy for individual retiring at age of 55 – 56:		
– Male	20.34	20.48
– Female	21.31	21.45
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	14.40
– 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	2023 Years	2022 Years
Duration of defined benefit plans obligations		
- Indonesia	9.66	9.30
- Philippines	11.47	11.14
- Thailand	14.89	15.15

(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
2023		
Discount rate (1% movement)	(31,525)	32,310
Future salary growth (1% movement)	37,327	(36,643)
Future mortality (1% movement)	95	(93)
2022		
Discount rate (1% movement)	(25,650)	31,245
Future salary growth (1% movement)	36,007	(35,184)
Future mortality (1% movement)	130	(130)

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.



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31 December 2023

26. OTHER LIABILITIES (CONT'D.)

(ii) The movements of provisions for commitments and contingencies are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	38,880	56,996	28,080	26,196
Addition	30,678	1,884	30,678	1,884
Written back	(40,582)	(20,000)	(40,582)	–
At 31 December	28,976	38,880	18,176	28,080

(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 2023				
Group				
At 1 January 2023	162,152	37,846	254,810	454,808
Transferred to Stage 1	6,423	(6,336)	(87)	–
Transferred to Stage 2	(3,437)	3,659	(222)	–
Transferred to Stage 3	(121)	(660)	781	–
Net remeasurement of allowances	(10,282)	3,098	101,864	94,680
New credit exposures originated or purchased	87,107	83,417	–	170,524
Credit exposures derecognised	(101,230)	(23,041)	(246,640)	(370,911)
Changes in models/risk parameters	(4,395)	(219)	1,450	(3,164)
Exchange differences	3,699	722	(4,915)	(494)
At 31 December 2023	139,916	98,486	107,041	345,443
Bank				
At 1 January 2023	91,147	20,107	157,424	268,678
Transferred to Stage 1	2,028	(2,028)	–	–
Transferred to Stage 2	(1,536)	1,536	–	–
Transferred to Stage 3	(62)	(508)	570	–
Net remeasurement of allowances	(2,215)	1,213	35,824	34,822
New credit exposures originated or purchased	49,692	76,732	–	126,424
Credit exposures derecognised	(70,030)	(14,418)	(153,368)	(237,816)
Changes in models/risk parameters	(21)	–	–	(21)
Exchange differences	1,958	337	(5,293)	(2,998)
At 31 December 2023	70,961	82,971	35,157	189,089

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26. OTHER LIABILITIES (CONT'D.)

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

As at 31 December 2022	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	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

(iv) Lease liabilities

The movements in lease liabilities are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	1,139,694	1,127,829	543,134	541,348
New lease contracts	1,010,385	481,296	74,359	89,749
Modification	(29,899)	(10,696)	–	–
Termination	(7,577)	(4,765)	(2,367)	(2,649)
Lease finance cost (Notes 38 (ii) & 42)	57,595	40,769	15,382	14,315
Lease obligation reduction/repayment	(657,114)	(494,739)	(109,858)	(99,629)
At 31 December	1,513,084	1,139,694	520,650	543,134



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31 December 2023

26. OTHER LIABILITIES (CONT'D.)

(iv) Lease liabilities (cont'd.)

The undiscounted maturity analysis of lease liabilities are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Less than one year	375,391	267,183	21,453	23,820
Between one and five years	745,917	512,690	208,556	173,006
More than five years	660,157	513,029	349,554	384,390
	1,781,465	1,292,902	579,563	581,216

27. PROVISION FOR TAXATION AND ZAKAT

	Group	
	2023 RM'000	2022 RM'000 Restated
Taxation	147,567	306,706
Zakat	91,822	65,670
	239,389	372,376

28. DEFERRED TAX

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
At 1 January				
- as previously stated	(2,062,480)	(966,312)	(1,099,262)	(468,101)
- effect of adopting MFRS 17 (Note 2.4)	(108,212)	(228,439)	-	-
At 1 January, as restated	(2,170,692)	(1,194,751)	(1,099,262)	(468,101)
Recognised in income statements:				
Tax expenses (Note 47)	(183,814)	(135,506)	(46,245)	(50,223)
Tax borne by insurance policyholders/takaful participants	71,258	(50,950)	-	-
Recognised in statements of other comprehensive income	1,451,611	(788,268)	1,075,662	(584,006)
Exchange differences	208,297	(1,217)	(13,660)	3,068
At 31 December	(623,340)	(2,170,692)	(83,505)	(1,099,262)

Presented after appropriate offsetting as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Deferred tax assets	(1,308,986)	(2,442,304)	(83,505)	(1,099,262)
Deferred tax liabilities	685,646	271,612	-	-
	(623,340)	(2,170,692)	(83,505)	(1,099,262)

Notes to the Financial Statements

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28. DEFERRED TAX (CONT'D.)

Presented prior to offsetting as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Deferred tax assets	(2,148,218)	(2,613,023)	(679,570)	(1,169,780)
Deferred tax liabilities	1,524,878	442,331	596,065	70,518
	(623,340)	(2,170,692)	(83,505)	(1,099,262)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

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

Deferred tax assets of the Group:

	Impairment losses on loans, financial investments and other financial assets RM'000	FVOCI reserve and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Unutilised ICBU business losses RM'000	Total RM'000
As at 31 December 2023						
At 1 January 2023						
- as previously stated	(828,375)	(869,657)	(588,572)	(347,032)	-	(2,633,636)
- effect of adopting MFRS 17 (Note 2.4)	-	-	-	20,613	-	20,613
At 1 January 2023, as restated	(828,375)	(869,657)	(588,572)	(326,419)	-	(2,613,023)
Recognised in income statements:						
Tax expenses	(114,615)	5,818	(49,261)	(131,525)	(11,859)	(301,442)
Tax borne by insurance policyholders/takaful participants	-	-	-	(841)	-	(841)
Recognised in statements of other comprehensive income	-	705,137	6,734	(15,545)	-	696,326
Exchange differences	(3,567)	57,372	(14,537)	31,494	-	70,762
At 31 December 2023	(946,557)	(101,330)	(645,636)	(442,836)	(11,859)	(2,148,218)
As at 31 December 2022						
At 1 January 2022						
- as previously stated	(766,538)	(44,792)	(516,754)	(233,580)	-	(1,561,664)
- effect of adopting MFRS 17 (Note 2.4)	-	-	-	(58,110)	-	(58,110)
At 1 January 2022, as restated	(766,538)	(44,792)	(516,754)	(291,690)	-	(1,619,774)
Recognised in income statements:						
Tax expenses	(29,644)	(75,555)	(69,015)	(12,000)	-	(186,214)
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)	23,374	-	(73,173)
At 31 December 2022	(828,375)	(869,657)	(588,572)	(326,419)	-	(2,613,023)



Notes to the Financial Statements

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28. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd.):

Deferred tax liabilities of the Group:

	Excess capital allowance RM'000	FVOCI reserve and accretion of discounts RM'000	Non- Distributable Life Funds Surplus RM'000	Other temporary differences RM'000	Total RM'000
As at 31 December 2023					
At 1 January 2023					
- as previously stated	114,522	35,230	345,005	76,399	571,156
- effect of adopting MFRS 17 (Note 2.4)	-	-	(128,825)	-	(128,825)
At 1 January 2023, as restated	114,522	35,230	216,180	76,399	442,331
Recognised in income statements:					
Tax expenses	(2,813)	-	62,380	58,061	117,628
Tax borne by insurance policyholders/takaful participants	-	-	-	72,099	72,099
Recognised in statements of other comprehensive income	-	742,198	12,715	372	755,285
Exchange differences	32,562	(22,798)	179,492	(51,721)	137,535
At 31 December 2023	144,271	754,630	470,767	155,210	1,524,878
As at 31 December 2022					
At 1 January 2022					
- as previously stated	106,729	164,492	313,283	10,848	595,352
- effect of adopting MFRS 17 (Note 2.4)	-	-	(170,329)	-	(170,329)
At 1 January 2022, as restated	106,729	164,492	142,954	10,848	425,023
Recognised in income statements:					
Tax expenses	8,675	(94,429)	67,339	69,123	50,708
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	216,180	76,399	442,331

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31 December 2023

28. 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 2023				
At 1 January 2023	(246,942)	(568,945)	(353,893)	(1,169,780)
Recognised in income statements:				
Tax expenses	(21,362)	–	(21,772)	(43,134)
Recognised in statements of other comprehensive income	–	524,209	–	524,209
Exchange differences	–	22,795	(13,660)	9,135
At 31 December 2023	(268,304)	(21,941)	(389,325)	(679,570)
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)

Deferred tax liabilities of the Bank:

	Excess capital allowance RM'000	FVOCI reserve RM'000	Other temporary differences RM'000	Total RM'000
As at 31 December 2023				
At 1 January 2023	58,891	11,398	229	70,518
Recognised in income statements:				
Tax expenses	(3,111)	–	–	(3,111)
Recognised in statements of other comprehensive income	–	551,453	–	551,453
Exchange differences	–	(22,795)	–	(22,795)
At 31 December 2023	55,780	540,056	229	596,065
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



Notes to the Financial Statements

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28. DEFERRED TAX (CONT'D.)

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

Group	2023 RM'000	2022 RM'000
Unutilised tax losses	297,048	579,615
Unabsorbed capital allowances	(4,376)	-
	292,672	579,615

The Group is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules. Pillar Two legislation was enacted in United Kingdom and Vietnam effective 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion ("GloBE") effective tax rate per jurisdiction and the 15% minimum rate. The impact is estimated to be immaterial as the headline tax rate exceeds 15% in most of the jurisdictions that Maybank operates in.

Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The Group is currently engaged with tax specialists to assist with applying the legislation.

29. BORROWINGS

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Secured:	(a)				
(i) Borrowings					
– Less than one year					
Denominated in:					
– IDR		914,219	636,894	-	-
– More than one year					
Denominated in:					
– USD		491,023	-	491,023	-
– IDR		1,490,234	1,308,473	-	-
Total secured borrowings		2,895,476	1,945,367	491,023	-
Unsecured:	(b)				
(i) Borrowings					
– Less than one year					
Denominated in:					
– USD		3,432,706	3,204,317	265,788	221,002
– CNY		380,848	378,352	380,848	378,352
– SGD		1,332,132	1,222,753	1,091,115	388,752
– THB		1,460,043	1,422,339	-	-
– HKD		233,416	98,517	-	-
– IDR		525,220	1,667,064	-	-
– PHP		4,152	3,960	-	-
– JPY		137	422	-	-
– EUR		10,752	-	-	-
		7,379,406	7,997,724	1,737,751	988,106

Notes to the Financial Statements

31 December 2023

29. BORROWINGS (CONT'D.)

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unsecured (cont'd.):	(b)				
(i) Borrowings (cont'd.):					
– More than one year					
Denominated in:					
– USD		458,166	214,925	458,166	214,925
– IDR		206,393	294,855	–	–
– CNY		1,940,775	220,592	1,940,775	220,592
– RM ¹		2,560,435	2,507,594	2,560,435	2,507,594
		5,165,769	3,237,966	4,959,376	2,943,111
(ii) Medium Term Notes					
– Less than one year					
Denominated in:					
– USD		4,928,923	3,802,532	4,928,923	3,802,532
– HKD		2,304,248	653,592	2,304,248	653,592
– SGD		–	687	–	687
– JPY		292,159	1,556,787	292,159	1,556,787
– AUD		–	116,490	–	116,490
– CNH		711,824	533,795	711,824	533,795
– CNY		4,525	–	4,525	–
– RM		322,721	179,358	322,721	179,358
		8,564,400	6,843,241	8,564,400	6,843,241
– More than one year					
Denominated in:					
– USD		2,438,405	5,660,976	2,438,405	5,660,976
– HKD		719,935	1,224,550	719,935	1,224,550
– JPY		2,263,112	2,614,635	2,263,112	2,614,635
– AUD		410,689	381,549	410,689	381,549
– CNH		1,199,999	1,829,999	1,199,999	1,829,999
– CNY		379	–	379	–
		7,032,519	11,711,709	7,032,519	11,711,709
Total unsecured borrowings		28,142,094	29,790,640	22,294,046	22,486,167
Total borrowings		31,037,570	31,736,007	22,785,069	22,486,167

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 RM1,710,435,000 (2022: RM1,659,006,000) 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	31,736,007	35,548,352	22,486,167	28,289,884
Repayment, net	(3,538,674)	(3,930,539)	(1,998,447)	(5,797,913)
Non-cash changes:				
Others	189,239	(128,324)	198,032	(133,721)
Exchange differences	2,650,998	246,518	2,099,317	127,917
At 31 December	31,037,570	31,736,007	22,785,069	22,486,167



Notes to the Financial Statements

31 December 2023

29. 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;
 - (2) fixed deposits; and
 - (3) financial investments.

(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 2023:

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

Issuance/Redemption	Currency	Description	Aggregate Nominal Value (in million)
Issuance	USD	Floating Rate Notes	213.0
Issuance	USD	Fixed Rate Notes	95.0
Issuance	HKD	Fixed Rate Notes	2,735.0
Issuance	RM	Zero Coupon Notes	51.0
Redemption	USD	Fixed Rate Notes	40.0
Redemption	USD	Floating Rate Notes	812.0
Redemption	CNY	Fixed Rate Notes	785.0
Redemption	HKD	Fixed Rate Notes	1,121.0
Redemption	JPY	Fixed Rate Notes (Samurai Bonds)	46,700.0

(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 2023 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
RM	Zero Coupon Notes	283.2
SGD	Fixed Rate Notes*	106.3
USD	Fixed Rate Notes*	7.1

* Extendible money market certificates

(3) Redemption of structured notes by the Bank

Currency	Description	Aggregate Nominal Value (in million)
AUD	Collared Floating Rate Notes	39.0

Notes to the Financial Statements

31 December 2023

29. 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 2023 (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	1,000,000.0
Redemption	IDR	Fixed Rate Notes	1,760,300.0

(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 2023 are as follows:

Currency	Description	Aggregate Nominal Value (in million)
USD	Zero Coupon Notes	489.2

30. SUBORDINATED OBLIGATIONS

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
RM2,000.0 million Subordinated Sukuk Murabahah due in 2029	(i)	2,037,993	2,037,850	2,037,993	2,037,850
RM1,700.0 million Subordinated Sukuk Murabahah due in 2031	(ii)	1,732,737	1,732,635	1,732,737	1,732,635
RM2,300.0 million Subordinated Sukuk Murabahah due in 2030	(iii)	2,315,088	2,314,474	2,315,088	2,314,474
RM700.0 million Subordinated Sukuk Murabahah due in 2032	(iv)	703,493	703,297	703,493	703,297
RM3,000.0 million Subordinated Sukuk Murabahah due in 2031	(v)	3,044,187	3,044,227	3,041,937	3,041,977
IDR800.0 billion subordinated bonds due in 2023	(vi)	–	93,855	–	–
RM309.0 million subordinated bonds due in 2031	(vii)	312,051	312,051	–	–
		10,145,549	10,238,389	9,831,248	9,830,233

The movements in the subordinated obligations are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	10,238,389	10,239,277	9,830,233	9,827,722
Redemption during the financial year	(93,390)	–	–	–
Non-cash changes:				
Others	550	2,168	1,015	2,511
Exchange differences	–	(3,056)	–	–
At 31 December	10,145,549	10,238,389	9,831,248	9,830,233



Notes to the Financial Statements

31 December 2023

30. SUBORDINATED OBLIGATIONS (CONT'D.)

Note	Description	Issue date	First call date	Maturity date	Coupon/ Profit rate (% p.a.)	Nominal value
Malayan Banking Berhad						
RM10.0 billion Sukuk Programme						
(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
RM30.0 billion Sukuk Programme						
(v)	RM Subordinated Sukuk Murabahah ^{1, 2}	5-Aug-21	5-Aug-26	5-Aug-31	3.41	RM3,000.0 million
PT Bank Maybank Indonesia Tbk						
(vi)	Shelf Subordinated Bonds II Bank Maybank Indonesia Year 2016 – Tranche II	10-Jun-16	–	10-Jun-23	9.63	IDR800.0 billion
Maybank Ageas Holdings Sdn Bhd						
(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.

31. CAPITAL SECURITIES

Description	Issue date	First call date	Maturity date	Group and Bank	
				2023 RM'000	2022 RM'000
Malayan Banking Berhad					
RM10.0 billion Sukuk Programme					
RM1,240 million 4.08% AT1 Sukuk Mudharabah ¹	25-Sep-19	25-Sep-24	Perpetual	1,252,504	1,251,695
RM1,560 million 4.13% AT1 Sukuk Mudharabah ¹	25-Sep-19	25-Sep-26	Perpetual	1,577,298	1,577,122
				2,829,802	2,828,817

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	
	2023 RM'000	2022 RM'000
At 1 January	2,828,817	2,827,832
Non-cash changes:		
Others	985	985
At 31 December	2,829,802	2,828,817

Notes to the Financial Statements

31 December 2023

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

Group and Bank	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Issued and fully paid ordinary shares:				
At 1 January	12,054,127	11,878,513	54,619,344	53,156,473
Shares issued under the:				
– Dividend Reinvestment Plan (“DRP”) issued on:				
– 19 October 2022	–	77,877	–	652,186
– 14 April 2022	–	91,500	–	756,238
– Maybank Group Employees’ Share Grant Plan (“ESGP”)	6,110	6,237	54,252	54,447
At 31 December	12,060,237	12,054,127	54,673,596	54,619,344

(a) Increase in share capital

During the current financial year ended 31 December 2023, the Bank increased its share capital from RM54,619,343,465 to RM54,673,595,825 via issuance of 6,109,500 new ordinary shares amounting to RM54,252,360 arising from the ESGP, as disclosed in Note 32(c)(i) to the financial statements.

(b) Dividend Reinvestment Plan (“DRP”)

Maybank’s DRP allows shareholders of Maybank (“shareholders”) to reinvest their dividend into new ordinary share(s) in Maybank (“Maybank Shares”).

The rationales of Maybank embarking on the DRP are as follows:

- (i) To enhance and maximise shareholders’ value via the subscription of new Maybank Shares where the issue price of a new Maybank Share shall be at a discount;
- (ii) To provide the shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Bank through subscription of additional Maybank Shares without having to incur material transaction or other related costs;
- (iii) To benefit from the participation by shareholders in the DRP to the extent that if the shareholders elect to reinvest into new Maybank Shares, the cash which would otherwise be payable by way of dividend will be reinvested to fund the continuing business growth of the Bank. The DRP will not only enlarge Maybank’s share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”); and
- (iv) Each shareholder has the following options in respect of the Electable Portion:
 - (1) elect to receive the Electable Portion in cash; or
 - (2) elect to reinvest the entire Electable Portion into new Maybank Shares credited as fully paid-up at an issue price to be determined on a price fixing date subsequent to the receipt of all relevant regulatory approvals.

(c) Maybank Group Employees’ Share Grant Plan (“ESGP”) and Cash-settled Performance-based Employees’ Share Grant Plan (“CESGP”)

The existing ESGP (“ESGP2018”) 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. A total of five (5) awards have been made under the ESGP2018 from 2018 to 2022. Three (3) out of the five (5) awards made have been vested to eligible employees in 2021 to 2023 whilst balance of the two (2) awards will vest in 2024 and 2025 respectively. The last tranche of the ESGP Award (i.e. fifth ESGP Award) under the existing plan was made in September 2022 and will vest in 2025. Starting from 2023, there will be no additional new awards to be issued to staff under the ESGP2018.

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.



Notes to the Financial Statements

31 December 2023

32. 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.)

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 existing ESGP ("ESGP2018") is valid for a period of seven (7) years from the effective date. Starting from 2023, there will be no additional new awards to be issued to staff under the ESGP2018.

As continuation of the existing employees' share grant plan, a new ESGP plan ("ESGP2023") has been established and is valid for a period of ten (10) years from the effective date. This plan will run concurrently with ESGP2018 until its expiration.

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
ESGP2018			
14.12.2018 – First Grant	7.0235	12,392	Based on 3-year cliff vesting from grant date and performance metrics
30.09.2019 – Second Grant	6.6510	13,118	
30.09.2020 – Third Grant	6.1118	13,541	
30.09.2021 – Fourth Grant	6.0958	14,084	
30.09.2022 – Fifth Grant	6.4241	15,472	
ESGP2023			
20.09.2023 – First Grant	6.9001	19,582	Based on 3-year cliff vesting from grant date and performance metrics

The following table illustrates the number of, and movements in, ESGP Shares during the financial year ended 31 December 2023:

Award date	Outstanding as at 01.01.2023 '000	Movements during the financial year			Outstanding as at 31.12.2023 '000
		Awarded '000	Vested '000	Forfeited '000	
ESGP2018					
30.09.2020 – Third Grant	11,850	–	(5,992)	(5,858)	–
30.09.2021 – Fourth Grant	13,162	–	–	(658)	12,504
30.09.2022 – Fifth Grant	15,472	–	–	(599)	14,873
ESGP2023					
20.09.2023 – First Grant	–	19,582	–	–	19,582
	40,484	19,582	(5,992)	(7,115)	46,959

Notes to the Financial Statements

31 December 2023

32. 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			
	ESGP2018			ESGP2023
	30.09.2020 Third Grant	30.09.2021 Fourth Grant	30.09.2022 Fifth Grant	20.09.2023 First Grant
Fair value of ESGP Shares (RM)	6.1118	6.0958	6.4241	6.9001
Closing share price at award date (RM)	7.22	8.05	8.58	8.86
Expected volatility (%)	16.47	17.54	17.76	14.68
Vesting period (years)	3	3	3	3
Risk-free rate (%)	2.01	2.48	3.68	3.43
Expected dividend yield (%)	5.35	7.36	6.98	6.75

(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
ESGP2018			
14.12.2018 – First Grant	7.0235	4,103	
30.09.2019 – Second Grant	6.6510	5,000	
30.09.2020 – Third Grant	6.1118	5,378	Based on 3-year cliff vesting from grant date and CESGP vesting conditions
30.09.2021 – Fourth Grant	6.0958	5,616	
30.09.2022 – Fifth Grant	6.4241	6,006	
ESGP2023			
20.09.2023 – First Grant	6.9001	7,390	Based on 3-year cliff vesting from grant date and CESGP vesting conditions

The following table illustrates the number of, and movements in, CESGP during the financial year ended 31 December 2023:

Award date	Outstanding as at 01.01.2023 '000	Movements during the financial year			Outstanding as at 31.12.2023 '000
		Awarded '000	Vested '000	Forfeited '000	
ESGP2018					
30.09.2020 – Third Grant	4,514	–	(2,235)	(2,279)	–
30.09.2021 – Fourth Grant	5,176	–	–	(357)	4,819
30.09.2022 – Fifth Grant	6,006	–	–	(319)	5,687
ESGP2023					
20.09.2023 – First Grant	–	7,390	–	–	7,390
	15,696	7,390	(2,235)	(2,955)	17,896



Notes to the Financial Statements

31 December 2023

32. 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.)

(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			
	ESGP2018			ESGP2023
	30.09.2020 Third Grant	30.09.2021 Fourth Grant	30.09.2022 Fifth Grant	20.09.2023 First Grant
Fair value of CESGP (RM)	6.1118	6.0958	6.4241	6.9001
Closing share price at award date (RM)	7.22	8.05	8.58	8.86
Expected volatility (%)	16.47	17.54	17.76	14.68
Vesting period (years)	3	3	3	3
Risk-free rate (%)	2.01	2.48	3.68	3.43
Expected dividend yield (%)	5.35	7.36	6.98	6.75

(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	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
At 1 January	25	160	198	1,274
Issuance of shares in relation to ESGP shares	6,110	6,237	54,252	54,447
Additional shares issued due to election under DRP	–	– ¹	–	4
ESGP vested to the eligible employees of the Group and of the Bank	(5,997)	(6,372)	(53,247)	(55,527)
At 31 December	138	25	1,203	198

¹ Denotes 513 ordinary shares

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31 December 2023

33. RETAINED PROFITS

(a) The Group's retained profits

The retained profits of the Group include the non-distributable life funds surplus of an insurance subsidiary as a result of the Bank Negara Malaysia ("BNM") Guidelines on Financial Reporting for Insurers. This non-distributable life funds 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 Life Funds Surplus RM'000	Distributable Retained Profits RM'000	Total Retained Profits RM'000
As at 31 December 2023			
At 1 January 2023			
– as previously stated	689,573	29,015,888	29,705,461
– effect of adopting MFRS 17 (Note 2.4)	121,105	(376,114)	(255,009)
At 1 January 2023, as restated	810,678	28,639,774	29,450,452
Profit for the financial year	146,948	9,202,832	9,349,780
Total comprehensive income for the financial year	146,948	9,202,832	9,349,780
Transfer from non-par surplus upon recommendation by the Appointed Actuary	(146,948)	146,948	–
Reinstatement of Group adjustment on expenses	(909)	909	–
Net loss on disposal of financial investments at fair value through other comprehensive income	(3,078)	(2,592)	(5,670)
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 32(c))	–	4,864	4,864
Transfer to statutory reserve	–	(6,557)	(6,557)
Transfer to regulatory reserve	–	(8,133)	(8,133)
Dividends paid (Note 51)	–	(7,111,935)	(7,111,935)
Total transactions with shareholders/other equity movements	(150,935)	(6,976,496)	(7,127,431)
At 31 December 2023	806,691	30,866,110	31,672,801
As at 31 December 2022			
At 1 January 2022			
– as previously stated	670,123	28,959,603	29,629,726
– effect of adopting MFRS 17 (Note 2.4)	148,507	(129,093)	19,414
At 1 January 2022, as restated	818,630	28,830,510	29,649,140
Profit for the financial year	94,181	7,866,345	7,960,526
Total comprehensive income for the financial year	94,181	7,866,345	7,960,526
Transfer from non-par surplus upon recommendation by the Appointed Actuary	(94,181)	94,181	–
Reinstatement of Group adjustment on expenses	(812)	812	–
Net loss on disposal of financial investments at fair value through other comprehensive income	(7,140)	(2,147)	(9,287)
Share-based payment under Maybank Group Employees' Share Grant Plan ("ESGP") (Note 32(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 51)	–	(6,915,145)	(6,915,145)
Total transactions with shareholders/other equity movements	(102,133)	(8,057,081)	(8,159,214)
At 31 December 2022	810,678	28,639,774	29,450,452



Notes to the Financial Statements

31 December 2023

33. RETAINED PROFITS (CONT'D.)

(b) The Bank's retained profits

The retained profits of the Bank as at 31 December 2023 and 31 December 2022 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.

34. RESERVES

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Non-distributable:					
Statutory reserve	(a)	435,860	429,303	85,340	79,003
Regulatory reserve	(b)	2,473,192	2,465,059	1,829,556	1,549,033
Other reserves	(c)	(336,042)	(156,181)	40,930	56,694
FVOCI reserve*	2.3(v)(b)(2)	3,449,495	(1,621,607)	2,398,837	(1,180,242)
Exchange fluctuation reserve	2.3(xviii)(c)	2,183,168	470,324	3,488,890	2,921,100
ESGP reserve	2.3(xxv)(e)	90,750	89,687	90,750	89,687
		8,296,423	1,676,585	7,934,303	3,515,275

* Included net gain through other comprehensive income of RM4,758.2 million and RM3,812.4 million for the Group and the Bank respectively arising from implementation of GIMF in stages as disclosed in Note 53(a).

- (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 34(c)(i)) RM'000	Revaluation Reserve (Note 34(c)(ii)) RM'000	Defined Benefit Reserve RM'000	Hedge Reserve RM'000	Insurance Finance Reserve RM'000	Total Other Reserves RM'000
As at 31 December 2023						
At 1 January 2023						
– as previously stated	13,997	(3,155)	80,034	(311,048)	–	(220,172)
– effect of adopting MFRS 17 (Note 2.4)	–	–	–	–	63,991	63,991
At 1 January 2023, as restated	13,997	(3,155)	80,034	(311,048)	63,991	(156,181)
Other comprehensive income/(loss)	250	467	20,979	(15,764)	(185,793)	(179,861)
Defined benefit plan actuarial gain	–	–	20,979	–	–	20,979
Cost of hedging for fair value hedge	–	–	–	(15,764)	–	(15,764)
Net gain on capital reserve	250	–	–	–	–	250
Net gain on revaluation reserve	–	467	–	–	–	467
Net insurance finance/investment result	–	–	–	–	(185,793)	(185,793)
Total comprehensive income/(loss) for the financial year	250	467	20,979	(15,764)	(185,793)	(179,861)
At 31 December 2023	14,247	(2,688)	101,013	(326,812)	(121,802)	(336,042)

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34. RESERVES (CONT'D.)

(c) Other reserves (cont'd.)

Group	Capital Reserve (Note 34(c)(i)) RM'000	Revaluation Reserve (Note 34(c)(ii)) RM'000	Defined Benefit Reserve RM'000	Hedge Reserve RM'000	Insurance Finance Reserve RM'000	Total Other Reserves RM'000
As at 31 December 2022						
At 1 January 2022						
– as previously stated	12,912	(2,712)	49,423	(360,747)	–	(301,124)
– effect of adopting MFRS 17 (Note 2.4)	–	–	–	–	(56,775)	(56,775)
At 1 January 2022, as restated	12,912	(2,712)	49,423	(360,747)	(56,775)	(357,899)
Other comprehensive income/(loss)	1,085	(443)	30,611	49,699	120,766	201,718
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)
Net insurance finance/investment result	–	–	–	–	120,766	120,766
Total comprehensive income/(loss) for the financial year	1,085	(443)	30,611	49,699	120,766	201,718
At 31 December 2022	13,997	(3,155)	80,034	(311,048)	63,991	(156,181)

(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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35. 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	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Interest income	36	30,230,550	21,608,927	21,179,981	14,589,344
Income derived from investment of depositors' funds	63(b)	11,880,732	9,534,723	–	–
Income derived from investment of investment account funds	63(b)	1,163,306	1,092,610	–	–
Income derived from investment of Islamic Banking Funds	63(b)	717,315	542,853	–	–
Profit share income from investment accounts	63(b)	443	242	–	–
Insurance/takaful service result	38	8,543,598	7,520,760	–	–
Dividends from subsidiaries and associates	39	–	–	3,534,284	3,498,845
Other operating income	40	7,988,177	4,603,171	5,846,934	4,329,736
Excluding non-operating revenue which comprises the following items:					
– Interest expense on derivatives*		3,886,508	4,389,760	3,835,860	4,276,451
– Direct costs on brokerage and commission income		180,275	222,640	–	–
– Excess of capital repayment of a subsidiary	40	–	–	(50,706)	–
– Net gain on partial disposal of a deemed controlled structured entity	40	–	–	(4,264)	–
– Net loss on liquidation of a subsidiary	40	10	–	–	–
– Net loss on dilution of interest in associate	40	–	1,752	–	–
– Rental income	40	(49,829)	(42,479)	(63,440)	(59,813)
– Gain on disposal of property, plant and equipment	40	(4,134)	(3,999)	(773)	(1,015)
– Fair value adjustments on investment properties	40	(29,977)	(13,531)	–	–
– Other non-operating income	40	(40,150)	(41,213)	(18,307)	(21,884)
		11,930,880	9,116,101	9,545,304	8,523,475
		64,466,824	49,416,216	34,259,569	26,611,664

* Interest expense on derivatives forms part of the “realised gain on derivatives” as disclosed in Note 40.

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36. INTEREST INCOME

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Loans, advances and financing	20,547,363	14,754,092	13,409,126	9,330,324
Money at call and deposits and placements with financial institutions	1,409,718	675,064	2,033,787	1,047,102
Financial assets purchased under resale agreements	948,983	287,148	766,684	205,864
Financial assets at FVTPL	1,025,003	922,959	228,582	182,830
Financial investments at FVOCI	4,354,906	3,338,306	2,802,601	2,139,536
Financial investments at amortised cost	2,051,811	1,834,189	1,654,468	1,566,555
	30,337,784	21,811,758	20,895,248	14,472,211
(Amortisation of premiums)/accretion of discounts, net	(107,234)	(202,831)	284,733	117,133
	30,230,550	21,608,927	21,179,981	14,589,344

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM215,960,000 (2022: RM227,523,000) for the Group and RM103,982,000 (2022: RM155,157,000) for the Bank.

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets modified during the financial year				
Amortised cost before modification	1,329,298	89,715	318,466	83,861
Modification gain	10,272	4,360	2,054	640
Amortised cost after modification	1,339,570	94,075	320,520	84,501
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	832,908	723,955	329,030	221,087



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37. INTEREST EXPENSE

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits and placements from financial institutions	2,067,671	846,541	2,525,829	979,829
Deposits from customers	11,141,997	4,853,173	7,469,687	3,375,802
Obligations on financial assets sold under repurchase agreements	1,062,599	207,706	1,669,660	476,200
Borrowings	1,473,369	865,760	912,581	537,254
Subordinated obligations	451,340	458,915	365,082	365,082
Capital securities	115,690	115,690	115,690	115,690
Structured deposits	271,474	93,797	13,425	6,007
Financial liabilities at fair value through profit or loss	854,888	351,760	854,888	351,760
	17,439,028	7,793,342	13,926,842	6,207,624

38. INSURANCE/TAKAFUL SERVICE RESULT

Group	Note	2023 RM'000	2022 RM'000 Restated
Insurance/takaful revenue	(i)	8,543,598	7,520,760
Insurance/takaful service expenses	(ii)	(6,384,941)	(6,390,086)
Net expenses from reinsurance contracts/retakaful certificates held	(iii)	(1,608,559)	(918,982)
		550,098	211,692
(i) Insurance/takaful revenue			
Contracts/certificates not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage			
– CSM recognised for service provided		226,744	1,074,052
– Changes in risk adjustment for non-financial risk		111,931	94,742
– Expected incurred claims and other insurance service expenses		1,486,834	539,861
Allocation of the portion of premiums/contributions that relates to the recovery of insurance/takaful acquisition		253,748	211,547
Experience adjustments for premium receipts		49,206	(5,054)
		2,128,463	1,915,148
Contracts/certificates measured under the PAA			
Release of premiums		6,415,135	5,605,612
Total insurance/takaful revenue		8,543,598	7,520,760
(ii) Insurance/takaful service expenses			
Incurring claims and other directly attributable expenses ¹		(4,804,691)	(4,445,430)
Changes that relate to the past service-adjustment to the LIC		575,668	500,948
Changes in estimates that result in reversal/(losses) on onerous contracts		37,219	(548,098)
Insurance/takaful acquisition cash flow amortisation		(2,151,490)	(1,852,204)
Others		(41,647)	(45,302)
Total insurance/takaful service expenses		(6,384,941)	(6,390,086)

¹ Included in incurred claims and other directly attributable expenses are depreciation of property, plant and equipment of RM11,585,000 (2022: RM12,504,000), depreciation of right-of-use assets of RM8,898,000 (2022: RM9,706,000), amortisation of intangible assets of RM19,126,000 (2022: RM20,315,000), lease finance cost of RM190,000 (2022: RM430,000) and ESGP expenses of RM28,312,000 (2022: RM7,839,000) for the Group during the financial year ended 31 December 2023.

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38. INSURANCE/TAKAFUL SERVICE RESULT (CONT'D.)

Group (cont'd.)	2023 RM'000	2022 RM'000 Restated
(iii) Net expenses from reinsurance contracts/retakaful certificates held:		
Contracts/certificates not measured under PAA		
Amounts relating to changes in assets for remaining coverage		
– CSM recognised for service provided	(23,970)	(25,345)
– Changes in risk adjustment for non-financial risk	(4,389)	(4,362)
– Expected incurred claims recovery and other reinsurance service expenses	(84,086)	(79,358)
– Adjustments to incurred claims	(5,839)	7,931
– Other directly attributable expenses	213	(182)
– Claims recovered	18,054	25,760
	(100,017)	(75,556)
Contracts/certificates measured under PAA		
Effect of changes in non-performance risk reinsurer/retakaful operators	71	(67)
Changes that relate to future services	(246,136)	(169,618)
Adjustments to incurred claims	(2,002,743)	(1,284,956)
Other directly attributable expenses	22,431	23,407
Claims recovered	718,781	587,838
Other changes	(946)	(30)
	(1,508,542)	(843,426)
Total net expenses from reinsurance contracts/retakaful certificates held	(1,608,559)	(918,982)

39. DIVIDENDS FROM SUBSIDIARIES AND ASSOCIATES

Bank	2023 RM'000	2022 RM'000
Gross dividend income from:		
Subsidiaries	3,533,548	3,498,346
Associates	736	499
	3,534,284	3,498,845



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40. OTHER OPERATING INCOME

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Fee income:				
Commission	1,244,850	1,231,485	947,442	951,865
Service charges and fees	1,737,892	1,451,870	1,090,735	842,483
Underwriting fees	77,817	50,586	37,305	23,211
Brokerage income	277,941	327,807	1,163	962
Fees on loans, advances and financing	175,230	258,639	140,916	204,502
	3,513,730	3,320,387	2,217,561	2,023,023
Investment income:				
Net (loss)/gain on disposal of financial assets at FVTPL				
– Designated upon initial recognition	(6,120)	608	–	–
– Financial investments at FVTPL	100,448	(625,141)	323,577	(59,077)
Net gain/(loss) on disposal of financial investments at FVOCI	225,591	(220,413)	508,349	32,567
Net gain/(loss) on redemption of financial investments at amortised cost	5	(1,159)	5	(1,159)
Excess of capital repayment of a subsidiary	–	–	50,706	–
Net gain on partial disposal of a deemed controlled structured entity	–	–	4,264	–
Net loss on liquidation of subsidiaries	(10)	–	–	–
Net loss on dilution of interest in associate	–	(1,752)	–	–
	319,914	(847,857)	886,901	(27,669)
Gross dividend income from:				
Financial investments at FVOCI				
– Quoted in Malaysia	57,693	35,862	619	1,115
– Unquoted in Malaysia	592	1,110	553	1,070
– Quoted outside Malaysia	17,358	10,696	–	–
– Unquoted outside Malaysia	1,167	826	–	–
	76,810	48,494	1,172	2,185
Financial assets at FVTPL				
– Quoted in Malaysia	70,237	71,779	–	–
– Quoted outside Malaysia	49,679	57,611	–	–
– Unquoted in Malaysia	6,797	8,489	4,256	4,256
– Unquoted outside Malaysia	6,572	188	–	–
	133,285	138,067	4,256	4,256
	210,095	186,561	5,428	6,441
Unrealised gain/(loss) on revaluation of:				
Financial assets designated upon initial recognition at FVTPL	564,197	(526,793)	–	–
Financial investments at FVTPL	464,626	(308,404)	95,795	8,292
Financial liabilities at FVTPL	1,045,215	3,550,781	1,045,215	3,550,781
Derivatives	(389,330)	(2,785,390)	(519,679)	(2,848,646)
	1,684,708	(69,806)	621,331	710,427

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40. OTHER OPERATING INCOME (CONT'D.)

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Other income:				
Foreign exchange gain, net	1,996,239	823,082	2,036,434	687,611
Realised (loss)/gain on derivatives	(60,097)	896,081	(170,440)	717,948
Rental income	49,829	42,479	63,440	59,813
Gain on disposal of property, plant and equipment	4,134	3,999	773	1,015
Gain on disposal of foreclosed properties	10,202	22,891	–	–
Fair value adjustments on investment properties (Note 16)	29,977	13,531	–	–
Other operating income	189,296	170,610	167,199	129,243
Other non-operating income	40,150	41,213	18,307	21,884
	2,259,730	2,013,886	2,115,713	1,617,514
Total other operating income	7,988,177	4,603,171	5,846,934	4,329,736

41. NET INSURANCE/TAKAFUL INVESTMENT/FINANCE RESULT

Group	Note	2023 RM'000	2022 RM'000 Restated
Finance expenses/(income) from insurance contracts/takaful certificates issued	(i)	1,556,956	(451,074)
Finance (income)/expenses from reinsurance contracts/retakaful certificates held	(ii)	(11,105)	3,110
		1,545,851	(447,964)
(i) Finance expenses/(income) from insurance contracts/takaful certificates issued			
Changes in fair value of underlying assets of contracts measured under the VFA		947,798	(749,225)
Interest accreted using current financial assumptions		117,497	35,535
Effect of changes in interest/profit rates and other financial assumptions		413,544	156,931
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition		78,117	105,685
Total finance expenses/(income) from insurance contracts/takaful certificates issued		1,556,956	(451,074)
Represented by:			
Amount recognised in income statements		1,556,956	(451,074)
		1,556,956	(451,074)
(ii) Finance (income)/expenses from reinsurance contracts/retakaful certificates held			
Interest accreted using current financial assumptions		24,174	20,340
Effect of changes in interest/profit rates and other financial assumptions		(40,673)	(46,187)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition		(9,815)	8,864
Effect of changes in non-performance risk reinsurer/retakaful operators		15,209	20,093
Total finance (income)/expenses from reinsurance contracts/retakaful certificates held		(11,105)	3,110
Represented by:			
Amount recognised in income statements		(11,105)	3,110
		(11,105)	3,110



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42. OVERHEAD EXPENSES

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Personnel expenses				
Salaries, allowances and bonuses	5,976,630	5,406,029	3,406,067	3,046,653
Social security cost	55,588	46,858	29,153	24,790
Retirement cost	714,422	644,787	509,712	458,316
ESGP expenses ¹	65,499	79,777	39,667	44,662
Other staff related expenses	966,875	835,894	533,404	480,069
	7,779,014	7,013,345	4,518,003	4,054,490
Establishment costs				
Depreciation of property, plant and equipment (Note 20)	310,911	284,587	77,957	77,836
Depreciation of right-of-use assets (Note 21)	568,786	501,659	116,644	115,958
Amortisation of computer software (Note 22)	232,000	250,645	69,697	73,519
Rental of leasehold land and premises	22,336	19,225	7,878	5,775
Repairs and maintenance of property, plant and equipment	183,281	186,443	101,461	97,855
Information technology expenses	774,954	628,783	1,352,678	1,083,145
Finance cost on lease liabilities (Note 26(iv))	57,405	40,339	15,382	14,315
Others	22,723	22,674	18,331	14,655
	2,172,396	1,934,355	1,760,028	1,483,058
Marketing expenses				
Advertisement and publicity	217,411	218,214	95,588	98,393
Others	347,553	375,442	233,633	299,577
	564,964	593,656	329,221	397,970
Administration and general expenses				
Fees and brokerage	1,440,392	1,142,824	1,039,155	803,518
Administrative expenses	587,658	526,553	254,989	228,735
General expenses	831,960	756,361	346,573	330,469
Others	12,416	7,098	8,174	(4,652)
	2,872,426	2,432,836	1,648,891	1,358,070
Overhead expenses allocated to subsidiaries	–	–	(1,959,968)	(1,541,533)
Total overhead expenses	13,388,800	11,974,192	6,296,175	5,752,055
Cost to income ratio ²	48.9%	45.2%	37.9%	35.5%

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42. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in overhead expenses are:				
Directors' fees and remuneration (Note 43)	26,012	30,716	19,785	24,971
Rental of equipment	39,340	38,196	2,440	2,513
Direct operating expenses of investment properties	5,140	5,933	–	–
Auditors' remuneration:				
Statutory audit:	34,722	26,573	11,863	11,475
– Ernst & Young PLT	18,214	12,235	6,817	6,903
– Other member firms of Ernst & Young Global	16,493	14,172	5,046	4,572
– Other auditors ³	15	166	–	–
Assurance and compliance related services:				
– Reporting accountants, review engagements and regulatory-related services	6,148	6,266	3,657	4,056
Non-audit services:				
– Other services	1,612	5,065	1,406	5,030
Employee benefit expenses (Note 26(i)(b))	99,133	86,417	–	–
Property, plant and equipment written off (Note 20)	7,089	5,240	40	222
Intangible assets written off (Note 22)	783	152	756	152
Expenses of short-term leases	11,353	19,159	2,549	1,191
Expenses of low value assets	33,735	29,789	13,476	10,581

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 RM68,272,159 and RM38,053,425 (2022: RM68,530,773 and RM42,419,134) respectively.

² Cost to income ratio is computed using total cost over the net operating income. 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.



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43. DIRECTORS' FEES AND REMUNERATION

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Bank:				
Executive directors:				
Salary	3,120	2,840	3,120	2,840
Bonus	6,697	4,140	6,697	4,140
Retirement cost	1,574	2,131	1,574	2,131
ESGP expenses	703	514	703	514
Other remuneration	269	7,025	269	7,025
Estimated monetary value of benefits-in-kind	63	78	63	78
	12,426	16,728	12,426	16,728
Non-executive directors:				
Fees	10,205	10,323	4,832	5,335
Other remuneration	3,444	3,743	2,590	2,986
Estimated monetary value of benefits-in-kind	396	439	197	246
	14,045	14,505	7,619	8,567
Sub-total for directors of the Bank	26,471	31,233	20,045	25,295
Indemnity given to or insurance effected for any directors	1,428	1,359	1,294	1,255
Total (including benefits-in-kind and indemnity given to or insurance effected for any directors) (Note 48(a)(iii))	27,899	32,592	21,339	26,550
Total (excluding benefits-in-kind and indemnity given to or insurance effected for any directors) (Note 42)	26,012	30,716	19,785	24,971

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43. 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 President & Group Chief Executive Officer of the Bank including benefits-in-kind during the financial year amounted to RM12,426,000 (2022: RM16,728,000).

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
2023								
Executive directors:								
Dato' Khairussaleh bin Ramli	–	12,363	63	12,426	–	12,363	63	12,426
Non-executive directors:								
Tan Sri Dato' Sri Ir. Zamzamzairani bin Mohd Isa	610	553	83	1,246	610	553	83	1,246
Mr Edwin Gerungan	996	221	138	1,355	385	170	19	574
Dr Hasnita binti Dato' Hashim	1,175	270	41	1,486	465	192	6	663
Mr Anthony Brent Elam	893	371	6	1,270	415	178	6	599
Ms Che Zakiah binti Che Din	919	317	1	1,237	460	220	1	681
Ms Fauziah binti Hisham	1,087	310	19	1,416	490	248	19	757
Mr Shariffuddin bin Khalid	876	297	6	1,179	486	208	6	700
Dato' Zulkiflee Abbas bin Abdul Hamid	1,436	363	54	1,853	494	280	23	797
Ms Shirley Goh	728	268	5	1,001	460	208	5	673
Datuk Yee Yang Chein ¹	30	12	–	42	30	12	–	42
Datuk R. Karunakaran ²	982	211	37	1,230	157	96	23	276
Mr Cheng Kee Check ³	473	251	6	730	380	225	6	611
	10,205	3,444	396	14,045	4,832	2,590	197	7,619
Total directors' remuneration	10,205	15,807	459	26,471	4,832	14,953	260	20,045

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

¹ Appointed on 24 November 2023.

² Retired on 3 May 2023.

³ Retired on 18 November 2023.



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

The total remuneration (including benefits-in-kind) of the directors of the Group and of the Bank are as follows (cont'd.):

	Group				Bank			
	Fees RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000	Fees RM'000	Salary and/ or other emoluments* RM'000	Benefits- in-kind RM'000	Total RM'000
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 Ir. 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. ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES, FINANCING AND OTHER DEBTS, NET

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
– Stage 1 – 12-month ECL, net	(166,807)	(100,699)	(48,702)	79,991
– Stage 2 – Lifetime ECL not credit impaired, net	437,986	(174,582)	128,047	(311,032)
– Stage 3 – Lifetime ECL credit impaired, net	2,131,046	2,923,580	763,050	2,429,079
	2,402,225	2,648,299	842,395	2,198,038
Bad debts and financing:				
– Written off	61,961	86,932	58,670	58,021
– Recovered	(657,263)	(563,382)	(333,084)	(359,802)
	(595,302)	(476,450)	(274,414)	(301,781)
Allowances for/(writeback of) impairment losses on other debts	19,289	10,886	3,510	(697)
	1,826,212	2,182,735	571,491	1,895,560

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial investments at FVOCI				
– Stage 1 – 12-month ECL, net	(2,097)	(1,098)	(6,340)	(731)
– Stage 2 – Lifetime ECL not credit impaired, net	(117)	5,588	1,226	2,971
– Stage 3 – Lifetime ECL credit impaired, net	(129,140)	147,225	(954)	43,201
	(131,354)	151,715	(6,068)	45,441
Financial investments at amortised cost				
– Stage 1 – 12-month ECL, net	7,673	(1,428)	12,378	(5,381)
– Stage 2 – Lifetime ECL not credit impaired, net	(2,878)	196	–	(267)
– Stage 3 – Lifetime ECL credit impaired, net	(54,004)	372,901	–	(136,986)
	(49,209)	371,669	12,378	(142,634)
	(180,563)	523,384	6,310	(97,193)



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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(a) Other financial assets				
Cash and short-term funds				
– Stage 1 – 12-month ECL, net	19,619	(1,250)	455	(3,187)
	19,619	(1,250)	455	(3,187)
Deposit and placements with financial institutions				
– Stage 1 – 12-month ECL, net	(1,520)	(11,611)	(3,242)	(2,267)
	(1,520)	(11,611)	(3,242)	(2,267)
Financial assets purchased under resale agreements				
– Stage 1 – 12-month ECL, net	(5,722)	(2,899)	998	692
	(5,722)	(2,899)	998	692
Insurance/reinsurance contract/takaful/retakaful certificate assets				
– Stage 1 – 12-month ECL, net	16,455	(645)	–	–
	16,455	(645)	–	–
Other assets				
– Stage 1 – 12-month ECL, net	3,032	213	–	–
– Stage 2 – Lifetime ECL not credit impaired, net	9	(11)	–	–
– Stage 3 – Lifetime ECL credit impaired, net	4,365	27,632	298	25,276
	7,406	27,834	298	25,276
Statutory deposit with central banks				
– Stage 1 – 12-month ECL, net	(822)	1,678	–	–
	(822)	1,678	–	–
	35,416	13,107	(1,491)	20,514
(b) Interest in associates				
Impairment on interest in associates	–	58,000	–	–
	35,416	71,107	(1,491)	20,514

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47. TAXATION AND ZAKAT

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Malaysian income tax	2,618,543	3,607,430	1,509,128	1,739,533
Foreign income tax	643,282	746,598	253,917	345,050
Less: Double taxation relief	(252,414)	(345,050)	(252,414)	(345,050)
	3,009,411	4,008,978	1,510,631	1,739,533
(Over)/under provision in respect of prior year:				
Malaysian income tax	(4,786)	(28,958)	23,150	(20,864)
Foreign income tax	17,638	(1,667)	–	–
	3,022,263	3,978,353	1,533,781	1,718,669
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	(183,814)	(135,506)	(46,245)	(50,223)
Tax expense for the financial year	2,838,449	3,842,847	1,487,536	1,668,446
Zakat	78,290	53,287	1,543	–
	2,916,739	3,896,134	1,489,079	1,668,446

The Group's and Bank's effective tax rate for the financial year ended 31 December 2023 was lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

Domestic income tax for the Group and the Bank are calculated at the Malaysian statutory tax rate of 24% of the estimated chargeable profit for the financial year. In 2022, due to Prosperity Tax (or also known as Cukai Makmur), chargeable income above the RM100.0 million were taxed at a rate of 33% and the income below and equal RM100.0 million were taxed at the statutory tax rate of 24% for Year of Assessment 2022 ("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	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Profit before taxation	12,531,601	11,871,710	9,761,872	8,639,365
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	3,007,584	24,000	2,342,849	24,000
Taxation at Malaysian statutory tax rate of 33%	–	3,884,664	–	2,817,990
Different tax rates in other countries	(177,410)	(230,767)	(105,800)	(90,907)
Income not subject to tax	(150,812)	(118,537)	(894,087)	(1,185,888)
Expenses not deductible for tax purposes	245,958	393,266	121,424	124,115
Utilisation of previously unused tax losses and unabsorbed capital allowances	(42,045)	(35,974)	–	–
Under/(over) provision in income tax expense in prior year	12,852	(30,625)	23,150	(20,864)
Share of profits in associates and joint ventures	(57,678)	(43,180)	–	–
Tax expense for the financial year	2,838,449	3,842,847	1,487,536	1,668,446



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48. 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	
		2023 RM'000	2022 RM'000
Income:			
Interest on deposits		1,505,395	963,579
Dividend income	39	3,533,548	3,498,346
Other income		616,652	491,064
		5,655,595	4,952,989
Expenditure:			
Interest on deposits		597,246	256,110
Other expenses	(A)	1,229,321	980,058
		1,826,567	1,236,168
Others:			
ESGP expenses charged to subsidiaries		30,219	26,112
Overhead expenses allocated to subsidiaries	42	1,959,968	1,541,533
		1,990,187	1,567,645

Notes to the Financial Statements

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48. 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.)**(i) Subsidiaries (cont'd.)**

(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
2023			
Information technology expenses	1,111,093	–	1,111,093
Research fees	–	19,964	19,964
Insurance premiums	52,874	–	52,874
Others	36,725	8,665	45,390
	1,200,692	28,629	1,229,321
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

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

(ii) Associates

	Bank	
	2023 RM'000	2022 RM'000
Income:		
Dividend income (Note 39)	736	499

There were no significant transactions with joint ventures for the financial year ended 31 December 2023.

(iii) Key management personnel

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits				
– Fees	29,949	28,896	4,832	5,335
– Salaries, allowances and bonuses	73,940	65,545	12,676	10,668
– Retirement cost	5,745	6,591	1,574	2,131
– Other staff benefits	8,340	13,879	260	6,647
Share-based payment				
– ESGP expenses	7,989	9,309	703	514
Others				
– Indemnity given to or insurance effected for any directors (Note 43)	1,428	1,359	1,294	1,255
	127,391	125,579	21,339	26,550



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31 December 2023

48. 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.)

Included in the total key management personnel compensation are:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' remuneration including benefits-in-kind and indemnity given to or insurance effected for any directors (Note 43)	27,899	32,592	21,339	26,550

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

(a) ESGP Shares

	Group		Bank	
	2023 '000	2022 '000	2023 '000	2022 '000
At 1 January	4,527	4,483	300	900
Adjustment*	1,181	48	–	–
Awarded	2,928	1,841	409	300
Vested	(758)	(778)	–	–
Forfeited	(1,134)	(1,067)	–	(900)
At 31 December	6,744	4,527	709	300

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

(b) CESGP

	Group		Bank	
	2023 '000	2022 '000	2023 '000	2022 '000
At 1 January	1,334	1,478	–	–
Adjustment*	220	63	–	–
Awarded	578	461	–	–
Vested	(211)	(250)	–	–
Forfeited	(319)	(418)	–	–
At 31 December	1,602	1,334	–	–

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

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

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows (cont'd.):

(b) Significant related party balances**(i) Subsidiaries**

	Bank	
	2023 RM'000	2022 RM'000
Amounts due from:		
Current accounts and deposits	29,282,069	28,755,069
Loans, advances and financing	47,402,794	34,301,782
Interest and other receivable on deposits	299,095	268,406
Corporate bonds and sukuk	8,001,357	8,007,901
Derivative assets	286,166	287,088
	85,271,481	71,620,246
Amounts due to:		
Current accounts and deposits	18,910,834	23,838,539
Negotiable instruments of deposits	–	208
Obligations on financial assets sold under repurchase agreements	19,681,220	11,197,210
Interest payable on deposits	22,610	2,535
Deposits and other creditors	3,605,185	5,006,733
Derivative liabilities	272,541	286,679
	42,492,390	40,331,904
Commitments and contingencies	539,483	530,859

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

(ii) Associates

	Bank	
	2023 RM'000	2022 RM'000
Amounts due from:		
Current accounts and deposits	49,539	58,040

There were no significant balances with joint ventures as at 31 December 2023.



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

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows (cont'd.):

(b) Significant related party balances (cont'd.)

(iii) Key management personnel

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loans, advances and financing	77,411	80,666	17,568	19,766
Deposits from customers	145,529	175,669	58,394	65,883

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 6.76% (2022: 6.87%) and indirect shareholding of 30.12% (2022: 32.63%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera) as at 31 December 2023. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions during the financial year:				
Interest and finance income	274,885	202,536	141,068	95,505
Balances as at reporting dates:				
Loans, advances and financing	7,285,703	6,508,512	3,384,493	3,357,302

(ii) Collectively, but not individually, significant transactions:

The Group has transactions with other government-related entities including but not limited to provision of loans, advances and financing, deposits placement, brokerage services and underwriting of insurance and takaful.

For the financial year ended 31 December 2023, management estimates that the aggregate amount of the significant transactions with other government-related entities for the Group is at 0.7% (2022: 0.7%) and the Bank is negligible (2022: negligible) of their total interest and finance income.

For the financial year ended 31 December 2023, management estimates that the aggregate amount of the significant balances due from other government-related entities for the Group and the Bank are 0.6% and 0.1% (2022: 0.7% and 0.09%) respectively of their total loans, advances and financing.

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49. 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	
	2023	2022	2023	2022
Outstanding credit exposures with connected parties (RM'000)	13,434,094	23,296,154	14,378,940	19,572,786
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	1.3%	2.5%	2.5%	3.7%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	–	15.7%	–	18.7%

* 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.

50. 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	
	2023	2022 Restated	2023	2022
Net profit for the financial year attributable to equity holders of the Bank (RM'000)	9,349,780	7,960,526	8,272,793	6,970,919
Weighted average number of ordinary shares in issue ('000)	12,056,164	11,968,687	12,056,164	11,968,687
Basic earnings per share (sen)	77.6	66.5	68.6	58.2

(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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51. DIVIDENDS

Group and Bank	2023 RM'000	2022 RM'000	Dividends per share	
			2023 sen	2022 sen
Single-tier second interim dividend of 30.0 sen in respect of the financial year ended 31 December 2022 (Note 51(c)(i))	3,616,238	–	30.00	–
Single-tier first interim dividend of 29.0 sen in respect of the financial year ended 31 December 2023 (Note 51(c)(ii))	3,495,697	–	29.00	–
Single-tier second interim dividend of 30.0 sen in respect of the financial year ended 31 December 2021	–	3,563,554	–	30.00
Single-tier first interim dividend of 28.0 sen in respect of the financial year ended 31 December 2022	–	3,351,604	–	28.00
	7,111,935	6,915,158	59.00	58.00
Less: Dividend on shares held-in-trust	–	(13)		
	7,111,935	6,915,145		

(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 2023 of 31.0 sen per ordinary share amounting to dividend payable of RM3,740,755,180 (based on 12,066,952,192 ordinary shares issued as at 28 February 2024).

The financial statements for the current financial year ended 31 December 2023 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 2024.

(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 32(b).

(c) Dividends paid during the financial year

- A single-tier second interim cash dividend of 30.0 sen per ordinary share amounted to RM3,616,238,128 on 12,054,127,092 ordinary shares, in respect of the financial year ended 31 December 2022.
- A single-tier first interim cash dividend of 29.0 sen per ordinary share amounting to RM3,495,696,857 on 12,054,127,092 ordinary shares, in respect of the current financial year ended 31 December 2023.

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

Dividends paid by Maybank’s subsidiaries to non-controlling interests amounted to RM138,441,000 during the financial year ended 31 December 2023 (2022: RM92,506,000).

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52. 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	2023			2022		
	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	12,590,604	10,548,940	6,668,531	12,624,792	11,792,332	6,488,154
Certain transaction-related contingent items	17,055,885	8,006,445	4,270,082	14,534,071	7,370,135	3,999,055
Short-term self-liquidating trade-related contingencies	4,527,117	910,972	552,924	7,143,351	1,067,336	601,663
	34,173,606	19,466,357	11,491,537	34,302,214	20,229,803	11,088,872
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	159,580,959	17,194,705	4,582,983	142,217,444	13,893,627	3,697,325
– Maturity exceeding one year	63,768,979	78,669,363	32,519,449	40,319,358	64,801,259	29,833,459
	223,349,938	95,864,068	37,102,432	182,536,802	78,694,886	33,530,784
Miscellaneous commitments and contingencies	14,186,766	4,346,037	116,083	11,205,013	1,060,766	60,300
Total credit-related commitments and contingencies	271,710,310	119,676,462	48,710,052	228,044,029	99,985,455	44,679,956
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	559,500,074	6,920,906	1,728,821	592,564,361	8,289,850	1,540,396
– One year to less than five years	47,713,732	2,829,980	1,326,784	31,244,650	1,791,523	1,037,341
– Five years and above	7,858,631	923,124	538,875	7,950,665	997,186	700,553
	615,072,437	10,674,010	3,594,480	631,759,676	11,078,559	3,278,290
Interest rate related contracts:						
– Less than one year	396,045,798	30,783	15,834	173,030,838	68,376	50,099
– One year to less than five years	370,786,372	1,566,076	740,116	307,593,840	1,454,413	925,605
– Five years and above	192,906,047	3,055,788	1,536,755	177,013,049	2,877,381	1,430,600
	959,738,217	4,652,647	2,292,705	657,637,727	4,400,170	2,406,304
Equity and commodity related contracts:						
– Less than one year	6,263,404	277,150	105,521	6,551,126	406,085	112,334
– One year to less than five years	2,772,827	177,735	66,588	2,246,767	166,111	47,112
	9,036,231	454,885	172,109	8,797,893	572,196	159,446
Credit related contracts:						
– Less than one year	55,393	–	–	57,489	–	–
– One year to less than five years	5,080	–	–	9,384	–	–
	60,473	–	–	66,873	–	–
Total treasury-related commitments and contingencies	1,583,907,358	15,781,542	6,059,294	1,298,262,169	16,050,925	5,844,040
Total commitments and contingencies	1,855,617,668	135,458,004	54,769,346	1,526,306,198	116,036,380	50,523,996

* 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 2023

52. 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.):

	2023			2022		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
Bank						
Contingent liabilities						
Direct credit substitutes	8,518,750	6,625,817	4,352,387	8,970,256	8,417,835	4,113,690
Certain transaction-related contingent items	12,106,304	5,570,744	2,769,309	10,397,750	5,393,107	2,815,646
Short-term self-liquidating trade-related contingencies	3,542,837	681,768	451,552	6,278,940	879,558	506,456
	24,167,891	12,878,329	7,573,248	25,646,946	14,690,500	7,435,792
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	94,547,717	8,756,609	2,102,256	88,867,814	6,476,767	1,341,339
– Maturity exceeding one year	38,226,816	49,391,317	21,691,239	17,659,753	39,595,776	20,129,633
	132,774,533	58,147,926	23,793,495	106,527,567	46,072,543	21,470,972
Miscellaneous commitments and contingencies	10,937,580	4,874,785	215,622	9,748,609	1,426,290	117,630
Total credit-related commitments and contingencies	167,880,004	75,901,040	31,582,365	141,923,122	62,189,333	29,024,394
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	556,387,408	6,769,703	1,448,406	579,667,448	8,110,780	1,390,769
– One year to less than five years	48,813,704	2,740,054	1,095,773	30,208,110	1,678,805	927,325
– Five years and above	7,068,613	909,781	482,025	7,436,048	979,354	676,602
	612,269,725	10,419,538	3,026,204	617,311,606	10,768,939	2,994,696
Interest rate related contracts:						
– Less than one year	396,156,000	29,650	12,419	171,421,796	60,216	23,752
– One year to less than five years	368,025,013	1,434,461	546,624	309,390,096	1,426,533	604,151
– Five years and above	192,748,011	3,047,785	1,525,012	177,013,048	2,871,441	1,427,107
	956,929,024	4,511,896	2,084,055	657,824,940	4,358,190	2,055,010
Equity and commodity related contracts:						
– Less than one year	3,073,368	167,665	60,913	3,186,036	262,117	81,430
– One year to less than five years	2,772,827	177,735	66,588	2,246,767	166,111	47,112
	5,846,195	345,400	127,501	5,432,803	428,228	128,542
Credit related contracts:						
– Less than one year	55,393	–	–	57,489	–	–
– One year to less than five years	5,080	–	–	9,384	–	–
	60,473	–	–	66,873	–	–
Total treasury-related commitments and contingencies	1,575,105,417	15,276,834	5,237,760	1,280,636,222	15,555,357	5,178,248
Total commitments and contingencies	1,742,985,421	91,177,874	36,820,125	1,422,559,344	77,744,690	34,202,642

* 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 2023

52. 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 2023, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM21,647.6 million (2022: RM24,686.8 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 2023.

(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	
	2023 RM'000	2022 RM'000
Within one year	48,669	42,026
Between one and five years	66,172	25,422
	114,841	67,448



Notes to the Financial Statements

31 December 2023

53. 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 2023, the Group implemented the GIMF in stages for certain entities and business units which constitutes a change in business model for managing financial assets under MFRS 9 *Financial Instruments*. Consequently, all affected financial assets have been reclassified in accordance with MFRS 9 requirements.

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 material accounting policies (Note 2.3).

- The Group's definition and assessment of default and cure (Note 53(b)(i)).
- When the Group considers there has been a significant increase in credit risk of an exposure (Note 53(b)(ii)).
- The Group's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 53(b)(iii)).
- How the Group defines, calculates and monitors the probability of default, exposure at default and loss given default (Note 53(e)(1)).
- An explanation of the Group's internal grading system (Note 53(e)(5)).
- 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 as 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.

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

(b) Impairment assessment (cont'd.)

(i) Definition of default and cure (cont'd.)

As 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. The following non-exhaustive events will be assessed:

- Significant deterioration in credit rating from initial recognition or last reviewed date;
- Breach of covenant not waived by the Group;
- Insolvent status;
- Highly probable to enter bankruptcy;
- Listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties; or
- Multiple requests of rescheduling and restructuring.

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 prudent credit judgement at the time of the assessment, and that the asset no longer shows significant increase in credit risk with stringent governance from relevant approving authority.

(ii) Significant increase in credit risk

The Group implements impairment assessment based on ECL model from MFRS 9 impairment requirements. Robust models and credit risk assessments are in place to assess significant increase in credit risk since initial recognition in determining the appropriate ECL approach (12-month ECL or lifetime ECL).

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 watch list, or forbore upon observing credit risk grade deterioration since inception and payment are more than 30 days past due. The Group's credit review process considers events explained in Note 53(b)(i) are significant increase in credit risk on top of default criteria.

When estimating ECL on a collective basis for a group of similar assets (as set out in Note 53(b)(iii)), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

(iii) Grouping financial assets measured on a collective basis

As explained in Note 2.3(v)(d)(ii), depending on the factors below, the Group and the Bank calculate ECL either on a collective or an individual basis.

Financial assets subject to ECL that have been assessed individually but for which no impairment is required and all individually insignificant exposure are then assessed collectively, in groups of assets with similar credit risk characteristics.

The Group and the Bank group these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans.

(c) Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECL is set out in Note 2.3 Summary of material 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 emerging risk consideration arising from adverse industry outlook. To ensure completeness and accuracy, the Group and the Bank obtain the data used from independent research parties (Maybank IBG Research and independent research organisation), including determining the weights attributable to the multiple scenarios as at every year end to apply on next financial year's ECL computation.



Notes to the Financial Statements

31 December 2023

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

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

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 2023 and 31 December 2022. The figures for "Subsequent years" represent a long-term average and the same are applied for each scenario.

31 December 2023

Key Variables	ECL Scenario	Assigned Probabilities	2023	2024	2025	2026	2027	Subsequent years
Real GDP (%)	Base case	60	4.0	4.8	5.0	5.0	5.0	5.0
	Upside	10	4.5	5.5	5.5	5.5	5.5	5.5
	Downside	30	3.5	4.4	4.5	4.5	4.5	4.5
Property Price Index (%)	Base case	60	1.5	2.0	2.0	2.0	2.0	2.0
	Upside	10	2.0	2.5	2.5	2.5	2.5	2.5
	Downside	30	0.6	1.5	1.5	1.5	1.5	1.5
Overnight Policy Rate (%)	Base case	60	3.0	3.0	3.3	3.3	3.3	3.3
	Upside	10	2.8	2.8	3.0	3.0	3.0	3.0
	Downside	30	3.3	3.3	3.5	3.5	3.5	3.5
Unemployment Rate (%)	Base case	60	3.5	3.3	3.3	3.3	3.3	3.3
	Upside	10	3.3	3.0	3.0	3.0	3.0	3.0
	Downside	30	4.0	3.8	3.8	3.8	3.8	3.8

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

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31 December 2023

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

(d) Financial instruments by category

Group 2023	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	-	-	-	28,904,035	28,904,035	-	28,904,035
Deposits and placements with financial institutions	-	-	-	13,471,607	13,471,607	-	13,471,607
Financial assets purchased under resale agreements	-	-	-	17,344,364	17,344,364	-	17,344,364
Financial investments portfolio	35,970,200	13,378,789	132,182,135	84,384,398	265,915,522	-	265,915,522
Loans, advances and financing to financial institutions	-	-	132,174	1,367,084	1,499,258	-	1,499,258
Loans, advances and financing to customers	-	-	34,842,043	594,080,737	628,922,780	-	628,922,780
Derivative assets	21,647,554	-	-	-	21,647,554	-	21,647,554
Insurance contract/takaful certificate assets	-	-	-	-	-	123,204	123,204
Reinsurance contract/retakaful certificate assets	-	-	-	-	-	5,698,832	5,698,832
Other assets	-	-	-	9,658,719	9,658,719	3,007,237	12,665,956
Investment properties	-	-	-	-	-	1,019,958	1,019,958
Statutory deposits with central banks	-	-	-	15,739,735	15,739,735	-	15,739,735
Interest in associates and joint ventures	-	-	-	-	-	2,105,534	2,105,534
Property, plant and equipment	-	-	-	-	-	2,309,246	2,309,246
Right-of-use assets	-	-	-	-	-	1,636,137	1,636,137
Intangible assets	-	-	-	-	-	7,361,911	7,361,911
Deferred tax assets	-	-	-	-	-	1,308,986	1,308,986
Total assets	57,617,754	13,378,789	167,156,352	764,950,679	1,003,103,574	24,571,045	1,027,674,619

Group 2023	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	-	-	670,359,336	670,359,336	-	670,359,336
- Investment accounts of customers*	-	-	26,475,396	26,475,396	-	26,475,396
Deposits and placements from financial institutions	-	-	44,676,892	44,676,892	-	44,676,892
Obligations on financial assets sold under repurchase agreements	-	-	38,072,708	38,072,708	-	38,072,708
Derivative liabilities^	25,082,955	-	-	25,082,955	-	25,082,955
Financial liabilities at fair value through profit or loss	-	8,766,563	-	8,766,563	-	8,766,563
Bills and acceptances payable	-	-	1,133,170	1,133,170	-	1,133,170
Insurance contract/takaful certificate liabilities	-	-	-	-	44,497,551	44,497,551
Reinsurance contract/retakaful certificate liabilities	-	-	-	-	83,001	83,001
Other liabilities	-	-	19,412,674	19,412,674	6,528,254	25,940,928
Provision for taxation and zakat	-	-	-	-	239,389	239,389
Deferred tax liabilities	-	-	-	-	685,646	685,646
Borrowings	-	-	31,037,570	31,037,570	-	31,037,570
Subordinated obligations	-	-	10,145,549	10,145,549	-	10,145,549
Capital securities	-	-	2,829,802	2,829,802	-	2,829,802
Total liabilities	25,082,955	8,766,563	844,143,097	877,992,615	52,033,841	930,026,456

* Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(l).

^ Included in derivative liabilities are derivative instruments designated as effective hedging instruments. Refer to fair value hedge disclosed in Note 13.



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

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

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	25,143,208	12,822,800	121,366,990	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	543,865,250	573,765,662	–	573,765,662
Derivative assets	24,686,755	–	–	–	24,686,755	–	24,686,755
Insurance contract/takaful certificate assets	–	–	–	–	–	76,787	76,787
Reinsurance contract/retakaful certificate assets	–	–	–	–	–	7,576,222	7,576,222
Other assets	–	–	–	9,353,237	9,353,237	2,099,426	11,452,663
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	–	–	–	–	–	2,442,304	2,442,304
Total assets	49,831,631	12,822,800	151,383,331	708,635,477	922,673,239	25,456,844	948,130,083

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 contract/takaful certificate liabilities	–	–	–	–	42,497,471	42,497,471
Reinsurance contract/retakaful certificate liabilities	–	–	–	–	749,188	749,188
Other liabilities	–	–	20,144,064	20,144,064	5,802,019	25,946,083
Provision for taxation and zakat	–	–	–	–	372,376	372,376
Deferred tax liabilities	–	–	–	–	271,612	271,612
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	773,633,922	809,825,331	49,692,666	859,517,997

* Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(l).

[^] Included in derivative liabilities are derivative instruments designated as effective hedging instruments. Refer to fair value hedge disclosed in Note 13.

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

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

Bank 2023	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	-	-	20,060,300	20,060,300	-	20,060,300
Deposits and placements with financial institutions	-	-	27,639,111	27,639,111	-	27,639,111
Financial assets purchased under resale agreements	-	-	15,680,716	15,680,716	-	15,680,716
Financial investments portfolio	21,757,370	73,299,044	65,738,592	160,795,006	-	160,795,006
Loans, advances and financing to financial institutions	-	352,956	42,950,675	43,303,631	-	43,303,631
Loans, advances and financing to customers	-	34,958,823	200,064,033	235,022,856	-	235,022,856
Derivative assets	21,476,761	-	-	21,476,761	-	21,476,761
Other assets	-	-	5,476,103	5,476,103	782,002	6,258,105
Statutory deposits with central banks	-	-	4,691,146	4,691,146	-	4,691,146
Investment in subsidiaries	-	-	-	-	34,486,241	34,486,241
Interest in associates and joint ventures	-	-	-	-	438,859	438,859
Property, plant and equipment	-	-	-	-	868,825	868,825
Right-of-use assets	-	-	-	-	519,635	519,635
Intangible assets	-	-	-	-	543,296	543,296
Deferred tax assets	-	-	-	-	83,505	83,505
Total assets	43,234,131	108,610,823	382,300,676	534,145,630	37,722,363	571,867,993

Bank 2023	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	-	-	299,676,139	299,676,139	-	299,676,139
Deposits and placements from financial institutions	-	-	58,221,783	58,221,783	-	58,221,783
Obligations on financial assets sold under repurchase agreements	-	-	57,152,843	57,152,843	-	57,152,843
Derivative liabilities [^]	24,554,173	-	-	24,554,173	-	24,554,173
Financial liabilities at fair value through profit or loss	-	8,766,563	-	8,766,563	-	8,766,563
Bills and acceptances payable	-	-	442,847	442,847	-	442,847
Other liabilities	-	-	6,728,198	6,728,198	2,449,868	9,178,066
Borrowings	-	-	22,785,069	22,785,069	-	22,785,069
Subordinated obligations	-	-	9,831,248	9,831,248	-	9,831,248
Capital securities	-	-	2,829,802	2,829,802	-	2,829,802
Total liabilities	24,554,173	8,766,563	457,667,929	490,988,665	2,449,868	493,438,533

[^] Included in derivative liabilities are derivative instruments designated as effective hedging instruments. Refer to fair value hedge disclosed in Note 13.



Notes to the Financial Statements

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

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

Bank 2022	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.

Notes to the Financial Statements

31 December 2023

53. 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 upon observing substance over form.

Management of credit risk

The Group's policy on credit classification and impairment on borrower's account is in accordance to MFRS 9, with relevant guiding principles to assess the observed credit behaviour and based upon unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes considering future economic outlook.

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, collateral offered and overall business viability.

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.



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

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

1. Credit risk management overview (cont'd.)

Management of credit risk (cont'd.)

As part of enhancing the Group's Environment, 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. As such, Group Climate Risk Policy ("CRP") had been established in managing climate risk exposure of the Group's business activities and operations with an orderly transition pathway identified. This principle-based policy sets out standards/requirements to operationalise ESG Risk Management Framework. The CRP is guided by government policies in managing climate risks that may arise from impact of physical risk, transition risk and liability risk.

While observing ESG risk and MFRS 9 impairment requirements, the Group adopts reasonable and supportable information that is available without undue cost or effort in addressing climate risks impact on ECL assessment as part of the forward-looking consideration.

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 Group Management Credit Committee ("GMCC"). The authority limits are based on the Expected Loss ("EL") principle, and are directly related to the counterparty's rating and credit exposure.

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 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)).

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

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

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	
	2023 RM'000	2022 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	28,904,035	37,573,869
Deposits and placements with financial institutions	13,471,607	16,095,978
Financial assets purchased under resale agreements	17,344,364	14,968,762
Financial investments portfolio*	257,876,892	222,380,301
Loans, advances and financing to financial institutions	1,499,258	1,361,712
Loans, advances and financing to customers	628,922,780	573,765,662
Derivative assets	21,647,554	24,686,755
Other assets	9,658,719	9,353,237
Statutory deposits with central banks	15,739,735	13,777,324
	995,064,944	913,963,600
Credit exposure for off-balance sheet items:		
Direct credit substitutes	12,590,604	12,624,792
Certain transaction-related contingent items	17,055,885	14,534,071
Short-term self-liquidating trade-related contingencies	4,527,117	7,143,351
Irrevocable commitments to extend credit	223,349,938	182,536,802
Miscellaneous	14,186,766	11,205,013
	271,710,310	228,044,029
Total maximum credit risk exposure	1,266,775,254	1,142,007,629

* 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.



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31 December 2023

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

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

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

Bank	Maximum exposure	
	2023 RM'000	2022 RM'000
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	20,060,300	29,590,431
Deposits and placements with financial institutions	27,639,111	28,358,259
Financial assets purchased under resale agreements	15,680,716	14,330,476
Financial investments portfolio*	159,657,618	132,688,967
Loans, advances and financing to financial institutions	43,303,631	31,304,965
Loans, advances and financing to customers	235,022,856	213,831,963
Derivative assets	21,476,761	24,293,832
Other assets	5,476,103	6,569,262
Statutory deposits with central banks	4,691,146	2,728,211
	533,008,242	483,696,366
Credit exposure for off-balance sheet items:		
Direct credit substitutes	8,518,750	8,970,256
Certain transaction-related contingent items	12,106,304	10,397,750
Short-term self-liquidating trade-related contingencies	3,542,837	6,278,940
Irrevocable commitments to extend credit	132,774,533	106,527,567
Miscellaneous	10,937,580	9,748,609
	167,880,004	141,923,122
Total maximum credit risk exposure	700,888,246	625,619,488

* 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets at fair value through profit or loss				
– Financial investments [#]	28,709,815	17,004,222	20,971,925	13,262,501
– Loans, advances and financing to customers	–	1,668	–	1,668
Financial assets designated at fair value through profit or loss				
– Financial investments [#]	13,360,108	12,804,010	–	–
	42,069,923	29,809,900	20,971,925	13,264,169

[#] 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 2023 for the Group is at 68% (2022: 70%) and the Bank is at 63% (2022: 50%). The financial effect of collateral held for other financial assets is not significant.

Notes to the Financial Statements

31 December 2023

53. 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	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
2023										
Malaysia	16,691,929	572,918	58,119	182,735,721	383,896,839	14,780,752	6,174,138	6,329,673	611,240,089	138,446,068
Singapore	3,291,617	6,711,571	7,283,359	36,580,386	161,900,140	1,299,840	675,575	5,508,131	223,250,619	96,403,938
Indonesia	1,872,433	754	695,212	11,534,166	34,652,934	301,758	765,608	2,427,352	52,250,217	2,137,339
Labuan Offshore	-	-	-	-	11,177,508	-	702	-	11,178,210	-
Hong Kong SAR	146,541	198,171	6,463,935	6,592,384	17,033,717	753,301	303,279	-	31,491,328	11,522,076
United States of America	1,889,655	5,368,897	-	5,111,073	394,244	36,059	75,340	-	12,875,268	1,465,870
People's Republic of China	1,042,119	63	-	4,959,762	6,173,936	722,126	137,449	-	13,035,455	7,817,994
Vietnam	252,942	76,467	-	-	1,681,041	40,272	12,412	260,721	2,323,855	1,906,223
United Kingdom	322,213	-	-	658,471	1,308,046	3,572,996	465,922	-	6,327,648	507,890
Philippines	353,879	191,596	910,317	3,037,749	4,437,748	1,496	300,184	648,445	9,881,414	3,835,939
Brunei	141,930	-	-	48,537	458,528	-	4	-	648,999	454,795
Cambodia	1,389,111	281,334	-	-	5,279,229	1,717	7,933	555,555	7,514,879	957,707
Thailand	67,990	3,266	-	1,265,451	1,904,876	3,518	373,960	-	3,619,061	140,305
Laos	5,141	33,633	-	-	18,222	-	37	1,984	59,017	918
India	5,695	-	-	-	-	-	4,989	-	10,684	26,396
Others	1,430,840	32,937	1,933,422	5,353,192	105,030	133,719	361,187	7,874	9,358,201	6,086,852
	28,904,035	13,471,607	17,344,364	257,876,892	630,422,038	21,647,554	9,658,719	15,739,735	995,064,944	271,710,310
2022										
Malaysia	23,169,244	1,962,738	2,394,679	159,418,484	359,371,946	14,909,855	6,102,171	5,875,028	573,204,145	132,015,593
Singapore	4,468,123	5,697,619	2,960,805	29,558,544	140,684,547	7,125,850	471,680	4,080,708	195,047,876	71,282,679
Indonesia	1,979,753	8	434,788	9,681,652	30,559,376	150,659	1,034,671	2,729,505	46,570,412	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	179,637	362,565	7,251,385	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	17,685	370,600	6,055,519	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	575,127,374	24,686,755	9,353,237	13,777,324	913,963,600	228,044,029

* 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 2023

53. 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
2023										
Malaysia	11,426,308	15,371,109	-	122,522,651	164,040,521	15,309,141	5,151,529	2,708,529	336,529,788	73,409,100
Singapore	1,999,824	6,467,680	7,283,359	21,752,487	77,063,023	915,961	103,551	1,712,038	117,297,923	63,957,399
Indonesia	422,533	-	-	1,151,542	-	83,343	-	-	1,657,418	801,410
Labuan Offshore	-	-	-	-	11,177,031	-	560	-	11,177,591	-
Hong Kong SAR	171,412	193,926	6,463,935	6,281,020	16,802,273	736,863	74,492	-	30,723,921	11,506,071
United States of America	1,666,008	5,368,897	-	2,207,437	394,244	-	-	-	9,636,586	1,464,689
People's Republic of China	1,042,119	63	-	3,576,016	6,173,936	722,126	137,365	-	11,651,625	7,645,620
Vietnam	135,157	-	-	-	872,395	39,559	22	260,721	1,307,854	1,906,174
United Kingdom	308,922	-	-	434,673	1,308,046	3,572,996	8,543	-	5,633,180	191,354
Philippines	1,372,814	-	-	111,473	-	-	-	-	1,484,287	572,696
Brunei	141,930	-	-	48,537	458,528	-	4	-	648,999	377,215
Cambodia	13,976	203,803	-	-	-	-	-	-	217,779	129,448
Thailand	53,192	-	-	-	-	-	-	-	53,192	57,781
Laos	5,141	33,633	-	-	18,222	-	37	1,984	59,017	918
India	668	-	-	-	-	-	-	-	668	6,884
Others	1,300,296	-	1,933,422	1,571,782	18,268	96,772	-	7,874	4,928,414	5,853,245
	20,060,300	27,639,111	15,680,716	159,657,618	278,326,487	21,476,761	5,476,103	4,691,146	533,008,242	167,880,004
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

* Financial investments portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

Notes to the Financial Statements

31 December 2023

53. 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	Other assets RM'000	Statutory deposits with central banks RM'000	Total RM'000	Commitments and contingencies RM'000
2023										
Agriculture	-	-	-	1,831,165	7,902,607	37,708	-	-	9,771,480	2,850,580
Mining and quarrying	-	-	-	3,248,370	4,112,307	10	-	-	7,360,687	1,456,874
Manufacturing	-	-	-	1,208,981	34,130,006	380,194	-	-	35,719,181	13,135,411
Construction	-	-	-	7,178,637	26,159,934	1,053	-	-	33,339,624	14,145,326
Electricity, gas and water supply	-	-	-	6,979,467	10,548,098	118,336	-	-	17,645,901	5,223,554
Wholesale, retail trade, restaurants and hotels	-	-	-	275,510	63,199,855	4,436	540	-	63,480,341	39,018,490
Finance, insurance, real estate and business	27,259,023	13,471,607	17,344,364	100,250,711	142,181,501	20,976,527	8,111,862	15,739,735	345,335,330	115,027,101
Transport, storage and communication	-	-	-	11,615,295	13,569,318	7,862	17	-	25,192,492	3,606,088
Education, health and others	-	-	-	93,393,488	17,222,140	197	-	-	110,615,825	7,181,135
Household	-	-	-	-	306,583,193	-	285,021	-	306,868,214	61,945,390
Others	1,645,012	-	-	31,895,268	4,813,079	121,231	1,261,279	-	39,735,869	8,120,361
	28,904,035	13,471,607	17,344,364	257,876,892	630,422,038	21,647,554	9,658,719	15,739,735	995,064,944	271,710,310
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	124,903,500	24,322,073	7,864,435	13,777,324	324,839,369	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	575,127,374	24,686,755	9,353,237	13,777,324	913,963,600	228,044,029

* Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.



Notes to the Financial Statements

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53. 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
2023										
Agriculture	-	-	-	919,631	5,167,054	37,562	-	-	6,124,247	822,329
Mining and quarrying	-	-	-	508,455	3,111,424	-	-	-	3,619,879	882,324
Manufacturing	-	-	-	637,413	17,337,312	319,983	-	-	18,294,708	8,440,599
Construction	-	-	-	4,130,489	11,408,045	1,058	-	-	15,539,592	8,223,404
Electricity, gas and water supply	-	-	-	1,364,472	8,122,315	116,985	-	-	9,603,772	4,001,572
Wholesale, retail trade, restaurants and hotels	-	-	-	70,906	30,972,037	2,936	-	-	31,045,879	32,521,068
Finance, insurance, real estate and business	20,039,867	27,639,111	15,680,716	56,265,883	113,831,388	20,987,513	5,104,536	4,691,146	264,240,160	73,137,879
Transport, storage and communication	-	-	-	4,905,391	8,805,882	7,836	-	-	13,719,109	2,143,066
Education, health and others	-	-	-	67,220,771	10,616,626	197	-	-	77,837,594	5,999,985
Household	-	-	-	-	65,615,811	-	-	-	65,615,811	28,004,911
Others	20,433	-	-	23,634,207	3,338,593	2,691	371,567	-	27,367,491	3,702,867
	20,060,300	27,639,111	15,680,716	159,657,618	278,326,487	21,476,761	5,476,103	4,691,146	533,008,242	167,880,004
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

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

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

4. Collateral

The Group established acceptance criteria for collateral with broad range of considerations from collateral requirements, acceptable types of collaterals and collateral concentration. 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.



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53. 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	
2023				
Very Low	38,562,243	103,504	–	38,665,747
Low	89,423,619	554,086	–	89,977,705
Medium	1,906,734	71,052	–	1,977,786
High	186,709	157,327	–	344,036
Impaired	–	–	457,297	457,297
Carrying amount – fair value	130,079,305	885,969	457,297	131,422,571
Expected credit loss	(31,392)	(6,303)	(137,718)	(175,413)

2022				
Very Low	49,875,480	260,308	–	50,135,788
Low	67,463,535	300,826	–	67,764,361
Medium	1,592,121	167,697	–	1,759,818
High	228,877	170,269	–	399,146
Unrated	238,213	–	–	238,213
Impaired	–	–	517,801	517,801
Carrying amount – fair value	119,398,226	899,100	517,801	120,815,127
Expected credit loss	(29,462)	(8,344)	(149,600)	(187,406)

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	
2023				
Very Low	16,047,519	–	–	16,047,519
Low	54,930,627	–	–	54,930,627
Medium	1,603,635	25,131	–	1,628,766
High	–	157,327	–	157,327
Impaired	–	–	182,862	182,862
Carrying amount – fair value	72,581,781	182,458	182,862	72,947,101
Expected credit loss	(10,938)	(4,436)	(138,965)	(154,339)

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	235,078	–	–	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)

Notes to the Financial Statements

31 December 2023

53. 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	
2023				
Very Low	31,315,815	–	–	31,315,815
Low	46,486,688	114,372	–	46,601,060
Medium	4,629,931	–	–	4,629,931
High	132,757	–	–	132,757
Impaired	–	–	2,906,701	2,906,701
	82,565,191	114,372	2,906,701	85,586,264
Less: Expected credit loss	(68,754)	(73)	(1,133,039)	(1,201,866)
Net carrying amount	82,496,437	114,299	1,773,662	84,384,398
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
Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2023				
Very Low	24,182,042	–	–	24,182,042
Low	39,486,544	–	–	39,486,544
Medium	2,101,617	–	–	2,101,617
	65,770,203	–	–	65,770,203
Less: Expected credit loss	(31,611)	–	–	(31,611)
Net carrying amount	65,738,592	–	–	65,738,592
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



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31 December 2023

53. 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	
2023				
Very Low	132,174	–	–	132,174
Carrying amount – fair value	132,174	–	–	132,174
Expected credit loss	–	–	–	–
2022				
Very Low	117,597	–	–	117,597
Carrying amount – fair value	117,597	–	–	117,597
Expected credit loss	–	–	–	–
Bank				
2023				
Very Low	352,956	–	–	352,956
Carrying amount – fair value	352,956	–	–	352,956
Expected credit loss	–	–	–	–
2022				
Very Low	387,881	–	–	387,881
Low	52,525	–	–	52,525
Carrying amount – fair value	440,406	–	–	440,406
Expected credit loss	–	–	–	–

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53. 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	
2023				
Very Low	1,256	–	–	1,256
Medium	110,958	–	–	110,958
High	1,252,166	7,827	–	1,259,993
	1,364,380	7,827	–	1,372,207
Less: Expected credit loss	(5,028)	(95)	–	(5,123)
Net carrying amount	1,359,352	7,732	–	1,367,084
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

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	
2023				
Very Low	2,963,898	–	–	2,963,898
Low	13,251,112	204,822	–	13,455,934
Medium	6,667,176	1,184,130	–	7,851,306
Unrated	17,127,308	–	–	17,127,308
Impaired	–	–	2,944,406	2,944,406
	40,009,494	1,388,952	2,944,406	44,342,852
Less: Expected credit loss	(50,031)	(25,895)	(1,316,251)	(1,392,177)
Net carrying amount	39,959,463	1,363,057	1,628,155	42,950,675
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
	29,454,083	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	29,435,111	231,927	1,197,521	30,864,559



Notes to the Financial Statements

31 December 2023

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

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

5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

Loans, advances and financing to customers – at FVOCI

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
2023				
Very Low	159,501	–	–	159,501
Low	23,126,709	–	–	23,126,709
Medium	7,906,572	801,803	–	8,708,375
High	552,877	139,371	–	692,248
Unrated	1,747,525	–	–	1,747,525
Impaired	–	–	407,685	407,685
Carrying amount – fair value	33,493,184	941,174	407,685	34,842,043
Expected credit loss	(161,078)	(28,426)	(223,441)	(412,945)

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	–	777,501
Unrated	1,204,290	–	–	1,204,290
Impaired	–	–	338,554	338,554
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)

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	
2023				
Very Low	1,763,963	–	–	1,763,963
Low	23,103,239	–	–	23,103,239
Medium	6,821,223	422,941	–	7,244,164
High	552,877	139,371	–	692,248
Unrated	1,747,524	–	–	1,747,524
Impaired	–	–	407,685	407,685
Carrying amount – fair value	33,988,826	562,312	407,685	34,958,823
Expected credit loss	(155,617)	(15,040)	(223,441)	(394,098)

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	–	777,501
Unrated	1,204,289	–	–	1,204,289
Impaired	–	–	338,554	338,554
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)

Notes to the Financial Statements

31 December 2023

53. 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	
2023				
Very Low	223,740,202	542,256	–	224,282,458
Low	208,193,185	4,343,229	–	212,536,414
Medium	80,911,551	20,115,598	–	101,027,149
High	17,269,864	9,143,307	–	26,413,171
Unrated	31,380,353	571,571	–	31,951,924
Impaired	–	–	8,192,741	8,192,741
	561,495,155	34,715,961	8,192,741	604,403,857
Less: Expected credit loss	(2,013,466)	(3,286,344)	(5,023,310)	(10,323,120)
Net carrying amount	559,481,689	31,429,617	3,169,431	594,080,737
2022				
Very Low	204,973,188	481,481	–	205,454,669
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	36,020,748	974,028	–	36,994,776
Impaired	–	–	8,866,305	8,866,305
	510,528,184	36,192,652	8,866,305	555,587,141
Less: Expected credit loss	(1,993,859)	(3,329,902)	(6,398,130)	(11,721,891)
Net carrying amount	508,534,325	32,862,750	2,468,175	543,865,250
Bank				
2023				
Very Low	48,758,227	87,271	–	48,845,498
Low	89,448,029	2,465,882	–	91,913,911
Medium	35,144,263	6,414,953	–	41,559,216
High	4,021,061	3,006,731	–	7,027,792
Unrated	12,267,726	79,731	–	12,347,457
Impaired	–	–	3,095,353	3,095,353
	189,639,306	12,054,568	3,095,353	204,789,227
Less: Expected credit loss	(858,429)	(1,175,253)	(2,691,512)	(4,725,194)
Net carrying amount	188,780,877	10,879,315	403,841	200,064,033
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
	171,948,588	16,723,789	4,755,280	193,427,657
Less: Expected credit loss	(883,584)	(1,343,859)	(3,784,632)	(6,012,075)
Net carrying amount	171,065,004	15,379,930	970,648	187,415,582



Notes to the Financial Statements

31 December 2023

53. 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	Statutory deposits with central banks RM'000
2023				
Stage 1				
Sovereign	13,883,960	7,134,101	–	15,741,710
Very Low	5,131,266	5,361,613	14,967,520	–
Low	4,628,053	780,036	2,043,838	–
Medium	409,073	–	335,036	–
High	78,428	4,237	–	–
Unrated	4,809,773	198,333	1,021	–
	28,940,553	13,478,320	17,347,415	15,741,710
Less: Expected credit loss	(36,518)	(6,713)	(3,051)	(1,975)
Net carrying amount	28,904,035	13,471,607	17,344,364	15,739,735
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	–
Medium	531,769	92	158,669	–
High	116,508	3,939	–	–
Unrated	6,129,017	178,896	–	–
	37,590,175	16,103,382	14,977,623	13,779,976
Less: Expected credit loss	(16,306)	(7,404)	(8,861)	(2,652)
Net carrying amount	37,573,869	16,095,978	14,968,762	13,777,324

None of the above financial assets is in Stage 2 or Stage 3 as at 31 December 2023 and 31 December 2022.

Notes to the Financial Statements

31 December 2023

53. 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
2023				
Stage 1				
Sovereign	7,754,172	7,031,277	–	4,691,146
Very Low	1,829,612	5,021,706	14,967,520	–
Low	3,232,470	1,489,206	436,140	–
Medium	3,383,069	13,850,194	279,970	–
High	81,877	206,505	–	–
Unrated	3,786,141	43,048	–	–
	20,067,341	27,641,936	15,683,630	4,691,146
Less: Expected credit loss	(7,041)	(2,825)	(2,914)	–
Net carrying amount	20,060,300	27,639,111	15,680,716	4,691,146
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

None of the above financial assets is in Stage 2 or Stage 3 as at 31 December 2023 and 31 December 2022.



Notes to the Financial Statements

31 December 2023

53. 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	
2023				
Sovereign	–	–	–	–
Very Low	973,209	–	–	973,209
Low	3,741,572	215	–	3,741,787
Medium	29,507	–	–	29,507
High	3,350	–	–	3,350
Unrated	4,885,597	397	–	4,885,994
Impaired	15,436	–	76,338	91,774
	9,648,671	612	76,338	9,725,621
Less: Expected credit loss	(273)	(75)	(66,554)	(66,902)
Net carrying amount	9,648,398	537	9,784	9,658,719
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

Notes to the Financial Statements

31 December 2023

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

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

5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

Other assets (cont'd.)

	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				
2023				
Sovereign	–	–	–	–
Very Low	754,796	–	–	754,796
Low	3,733,493	–	–	3,733,493
Medium	29,507	–	–	29,507
High	3,350	–	–	3,350
Unrated	938,124	–	–	938,124
Impaired	15,436	–	32,553	47,989
	5,474,706	–	32,553	5,507,259
Less: Expected credit loss	–	–	(31,156)	(31,156)
Net carrying amount	5,474,706	–	1,397	5,476,103
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



Notes to the Financial Statements

31 December 2023

53. 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	
2023				
Very Low	1,471,449	357	–	1,471,806
Low	8,592,741	150,545	–	8,743,286
Medium	6,627,098	505,726	–	7,132,824
High	445,939	162,753	–	608,692
Unrated	1,647,259	90,586	–	1,737,845
Impaired	–	–	673,419	673,419
Carrying amount	18,784,486	909,967	673,419	20,367,872
Expected credit loss	(139,916)	(98,486)	(107,041)	(345,443)
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	–	1,913,864
Impaired	–	–	1,029,996	1,029,996
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)

Notes to the Financial Statements

31 December 2023

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

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

5. Credit quality of financial assets (cont'd.)

The following table sets out information about the credit quality of financial assets measured at fair value through other comprehensive income and at amortised cost. Unless otherwise stated, for financial assets, the amounts in the table represent gross carrying amount (cont'd.).

Loan commitments and financial guarantee contracts (cont'd.)

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	
2023				
Very Low	376,993	–	–	376,993
Low	5,641,864	89,692	–	5,731,556
Medium	4,347,996	280,317	–	4,628,313
High	327,513	73,431	–	400,944
Unrated	714,593	90,478	–	805,071
Impaired	–	–	49,917	49,917
Carrying amount	11,408,959	533,918	49,917	11,992,794
Expected credit loss	(70,961)	(82,971)	(35,157)	(189,089)
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	–	2,981,100
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)

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.



Notes to the Financial Statements

31 December 2023

53. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial investments				
At FVTPL				
Very Low	8,897,296	12,343,842	3,708,354	6,765,894
Low	28,343,275	13,732,210	14,497,216	5,141,237
Medium	3,653,569	2,876,748	1,669,443	797,165
High	10,042	296,805	10,042	25,149
Unrated	1,165,741	558,627	1,086,870	533,056
Total carrying amount	42,069,923	29,808,232	20,971,925	13,262,501
Loans, advances and financing				
At FVTPL				
Low	-	1,668	-	1,668
Total carrying amount	-	1,668	-	1,668

Notes to the Financial Statements

31 December 2023

53. 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
2023				
Malaysia	4,708,598	3,363,998	17,018	8,089,614
Singapore	1,342,265	–	12,377	1,354,642
Indonesia	1,376,549	–	4,156	1,380,705
Labuan Offshore	327,803	–	15,881	343,684
Hong Kong SAR	108,703	–	1,530	110,233
United States of America	–	–	1	1
People's Republic of China	181,183	–	–	181,183
Vietnam	35,628	–	–	35,628
United Kingdom	–	–	111	111
Brunei	15,088	–	–	15,088
Cambodia	221,331	–	–	221,331
Philippines	242,320	–	318	242,638
Thailand	36,444	–	24,931	61,375
Laos	735	–	–	735
Myanmar	3,778	–	–	3,778
Others	–	–	15	15
	8,600,425	3,363,998	76,338	12,040,761
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

* Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.



Notes to the Financial Statements

31 December 2023

53. 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
2023				
Malaysia	5,172,202	182,862	16,672	5,371,736
Singapore	603,677	–	–	603,677
Labuan Offshore	327,803	–	15,881	343,684
Hong Kong SAR	108,703	–	–	108,703
People's Republic of China	181,183	–	–	181,183
Vietnam	34,276	–	–	34,276
Brunei	15,088	–	–	15,088
Laos	735	–	–	735
Myanmar	3,778	–	–	3,778
	6,447,445	182,862	32,553	6,662,860
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

* Financial investments portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

Notes to the Financial Statements

31 December 2023

53. 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
2023				
Agriculture	95,830	–	–	95,830
Mining and quarrying	114,071	–	–	114,071
Manufacturing	644,409	–	–	644,409
Construction	1,617,287	182,862	–	1,800,149
Electricity, gas and water supply	17,367	3,138,729	–	3,156,096
Wholesale, retail trade, restaurants and hotels	1,782,148	–	–	1,782,148
Finance, insurance, real estate and business	1,742,902	–	35,983	1,778,885
Transport, storage and communication	283,505	–	–	283,505
Education, health and others	147,242	42,407	–	189,649
Household	2,081,702	–	40,275	2,121,977
Others	73,962	–	80	74,042
	8,600,425	3,363,998	76,338	12,040,761
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

* Financial investments portfolio consists of financial assets designated upon initial recognition at fair value through profit or loss, financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.



Notes to the Financial Statements

31 December 2023

53. 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
2023				
Agriculture	55,045	–	–	55,045
Mining and quarrying	3,020,533	–	–	3,020,533
Manufacturing	168,402	–	–	168,402
Construction	601,503	182,862	–	784,365
Electricity, gas and water supply	1,626	–	–	1,626
Wholesale, retail trade, restaurants and hotels	700,345	–	–	700,345
Finance, insurance, real estate and business	1,319,723	–	32,553	1,352,276
Transport, storage and communication	116,492	–	–	116,492
Education, health and others	25,947	–	–	25,947
Household	407,529	–	–	407,529
Others	30,300	–	–	30,300
	6,447,445	182,862	32,553	6,662,860
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

* Financial investments portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost, excluding quoted and unquoted shares.

Notes to the Financial Statements

31 December 2023

53. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)**(e) Credit risk management (cont'd.)****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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Residential properties	187,963	179,705	–	–
Others	243,970	228,774	28,500	28,500
	431,933	408,479	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.

(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.



Notes to the Financial Statements

31 December 2023

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

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

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 have matured in 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.

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

	2023			2022		
	Non-derivatives financial assets carrying value RM'000	Non-derivatives financial liabilities carrying value RM'000	Derivatives notional amount RM'000	Non-derivatives financial assets carrying value RM'000	Non-derivatives financial liabilities carrying value RM'000	Derivatives notional amount RM'000
Group						
USD LIBOR	-	-	-	31,860,754	18,880,925	304,153,546
Total assets	-	-	-	31,860,754	18,880,925	304,153,546
Bank						
USD LIBOR	-	-	-	30,311,598	18,880,925	301,278,225
Total assets	-	-	-	30,311,598	18,880,925	301,278,225

Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022. 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 2023	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	19,618,031	267,535	218,338	-	-	8,800,131	-	28,904,035	2.40
Deposits and placements with financial institutions	79,077	12,780,474	381,134	31,707	-	199,215	-	13,471,607	2.18
Financial assets purchased under resale agreements	16,765,225	579,139	-	-	-	-	-	17,344,364	1.88
Financial assets designated upon initial recognition at fair value through profit or loss	-	-	-	-	-	-	13,378,789	13,378,789	3.17
Financial investments at fair value through profit or loss	-	-	-	-	-	-	35,970,200	35,970,200	2.43
Financial investments at fair value through other comprehensive income	13,602,741	6,719,762	9,600,992	18,165,704	83,271,009	821,927	-	132,182,135	3.11
Financial investments at amortised cost	7,660,855	740,257	7,050,876	32,748,511	36,183,798	101	-	84,384,398	3.61
Loans, advances and financing									
- Non-impaired	341,733,429	64,480,092	64,035,384	81,048,596	80,852,355	-	-	632,149,856	5.77
- Impaired*	3,577,115	-	-	-	-	-	-	3,577,115	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(5,304,933)	-	(5,304,933)	-
Derivative assets	-	-	-	-	-	-	21,647,554	21,647,554	-
Insurance contract/takaful certificate assets	-	-	-	-	-	123,204	-	123,204	-
Reinsurance contract/retakaful certificate assets	-	-	-	-	-	5,698,832	-	5,698,832	-
Other assets	-	-	-	-	-	12,665,956	-	12,665,956	-
Investment properties	-	-	-	-	-	1,019,958	-	1,019,958	-
Other non-interest sensitive balances	-	-	-	-	-	30,461,549	-	30,461,549	-
Total assets	403,036,473	85,567,259	81,286,724	131,994,518	200,307,162	54,485,940	70,996,543	1,027,674,619	
Liabilities and shareholders' equity									
Customers' funding:									
- Deposits from customers	207,484,299	126,050,036	200,338,591	76,766,798	59,719,612	-	-	670,359,336	2.31
- Investment accounts of customers [^]	3,001,338	2,254,824	5,780,111	4,190,402	11,248,721	-	-	26,475,396	1.49
Deposits and placements from financial institutions	18,181,633	17,953,595	3,148,699	4,861,855	468,138	62,972	-	44,676,892	3.35
Obligations on financial assets sold under repurchase agreements	22,852,797	14,581,248	638,663	-	-	-	-	38,072,708	3.92
Derivative liabilities	-	-	-	-	-	-	25,082,955	25,082,955	-
Financial liabilities at fair value through profit or loss	5,701	-	3,337,745	1,393,975	4,029,142	-	-	8,766,563	3.68
Bills and acceptances payable	-	-	-	-	1,257	1,131,913	-	1,133,170	-
Insurance contract/takaful certificate liabilities	-	-	-	-	-	44,497,551	-	44,497,551	-
Reinsurance contract/retakaful certificate liabilities	-	-	-	-	-	83,001	-	83,001	-
Other liabilities	599,506	89,470	2,198,684	4,759,896	-	18,293,372	-	25,940,928	1.99
Borrowings	6,574,007	2,301,420	8,539,425	12,442,115	1,180,603	-	-	31,037,570	2.71
Subordinated obligations	2,443,299	-	-	7,702,250	-	-	-	10,145,549	3.59
Capital securities	29,802	-	1,240,000	1,560,000	-	-	-	2,829,802	4.07
Other non-interest sensitive balances	-	-	-	-	-	925,035	-	925,035	-
Total liabilities	261,172,382	163,230,593	225,221,918	113,677,291	76,647,473	64,993,844	25,082,955	930,026,456	
Shareholders' equity	-	-	-	-	-	94,641,617	-	94,641,617	-
Non-controlling interests	-	-	-	-	-	3,006,546	-	3,006,546	-
	-	-	-	-	-	97,648,163	-	97,648,163	-
Total liabilities and shareholders' equity	261,172,382	163,230,593	225,221,918	113,677,291	76,647,473	162,642,007	25,082,955	1,027,674,619	
On-balance sheet interest sensitivity gap	141,864,091	(77,663,334)	(143,935,194)	18,317,227	123,659,689	(108,156,067)	45,913,588		
Off-balance sheet interest sensitivity gap	(10,459,349)	(4,427,713)	2,844,831	8,309,203	3,733,028	-	-		
Total interest sensitivity gap	131,404,742	(82,091,047)	(141,090,363)	26,626,430	127,392,717	(108,156,067)	45,913,588		
Cumulative interest rate sensitivity gap	131,404,742	49,313,695	(91,776,668)	(65,150,238)	62,242,479	(45,913,588)	-		

* 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 63(I).



Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022. 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 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	-	-	-	-	-	-	25,143,208	25,143,208	2.63
Financial investments at fair value through other comprehensive income	11,792,691	2,705,585	10,693,816	37,036,664	58,612,512	525,722	-	121,366,990	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	52,166,045	57,618,878	70,414,330	77,966,406	-	-	577,842,438	5.35
- Impaired*	2,614,652	-	-	-	-	-	-	2,614,652	-
- 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(5,329,716)	-	(5,329,716)	-
Derivative assets	-	-	-	-	-	-	24,686,755	24,686,755	-
Insurance contract/takaful certificate assets	-	-	-	-	-	76,787	-	76,787	-
Reinsurance contract/retakaful certificate assets	-	-	-	-	-	7,576,222	-	7,576,222	-
Other assets	-	-	-	-	-	11,452,663	-	11,452,663	-
Investment properties	-	-	-	-	-	988,895	-	988,895	-
Other non-interest sensitive balances	-	-	-	-	-	28,492,838	-	28,492,838	-
Total assets	376,765,316	73,108,085	71,857,997	120,951,214	188,796,392	53,998,316	62,652,763	948,130,083	
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 contract/takaful certificate liabilities	-	-	-	-	-	42,497,471	-	42,497,471	-
Reinsurance contract/retakaful certificate liabilities	-	-	-	-	-	749,188	-	749,188	-
Other liabilities	515,743	65,187	1,989,518	4,466,665	-	18,908,970	-	25,946,083	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	-	-	-	-	-	643,988	-	643,988	-
Total liabilities	239,934,168	151,274,127	175,394,678	106,767,792	93,326,434	64,946,473	27,874,325	859,517,997	
Shareholders' equity	-	-	-	-	-	85,746,183	-	85,746,183	-
Non-controlling interests	-	-	-	-	-	2,865,903	-	2,865,903	-
	-	-	-	-	-	88,612,086	-	88,612,086	-
Total liabilities and shareholders' equity	239,934,168	151,274,127	175,394,678	106,767,792	93,326,434	153,558,559	27,874,325	948,130,083	
On-balance sheet interest sensitivity gap	136,831,148	(78,166,042)	(103,536,681)	14,183,422	95,469,958	(99,560,243)	34,778,438		
Off-balance sheet interest sensitivity gap	605,472	(8,749,843)	202,645	4,003,717	3,938,009	-	-		
Total interest sensitivity gap	137,436,620	(86,915,885)	(103,334,036)	18,187,139	99,407,967	(99,560,243)	34,778,438		
Cumulative interest rate sensitivity gap	137,436,620	50,520,735	(52,813,301)	(34,626,162)	64,781,805	(34,778,438)	-		

* 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 63(I).

Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022. 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 2023	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	13,794,848	-	-	-	-	6,265,452	-	20,060,300	3.25
Deposits and placements with financial institutions	-	24,209,074	3,127,283	-	241,505	61,249	-	27,639,111	3.51
Financial assets purchased under resale agreements	15,159,695	521,021	-	-	-	-	-	15,680,716	2.37
Financial investments at fair value through profit or loss	-	-	-	-	-	-	21,757,370	21,757,370	2.34
Financial investments at fair value through other comprehensive income	8,180,363	2,894,535	4,896,399	10,055,522	46,923,275	348,950	-	73,299,044	3.19
Financial investments at amortised cost	486,584	3,356,156	8,680,460	25,408,860	27,806,532	-	-	65,738,592	2.77
Loans, advances and financing									
– Non-impaired	160,574,175	47,399,372	19,032,880	31,571,683	19,418,303	-	-	277,996,413	4.18
– Impaired*	2,439,682	-	-	-	-	-	-	2,439,682	-
– 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(2,109,608)	-	(2,109,608)	-
Derivative assets	-	-	-	-	-	-	21,476,761	21,476,761	-
Other assets	-	-	-	-	-	6,258,105	-	6,258,105	-
Other non-interest sensitive balances	-	-	-	-	-	41,631,507	-	41,631,507	-
Total assets	200,635,347	78,380,158	35,737,022	67,036,065	94,389,615	52,455,655	43,234,131	571,867,993	
Liabilities and shareholders' equity									
Deposits from customers	82,312,701	66,628,582	85,283,444	41,080,200	24,371,212	-	-	299,676,139	2.75
Deposits and placements from financial institutions	28,298,375	22,549,866	2,831,389	4,278,187	263,833	133	-	58,221,783	4.37
Obligations on financial assets sold under repurchase agreements	41,932,932	14,581,248	638,663	-	-	-	-	57,152,843	3.80
Derivative liabilities	-	-	-	-	-	-	24,554,173	24,554,173	-
Financial liabilities at fair value through profit or loss	5,701	-	3,337,745	1,393,975	4,029,142	-	-	8,766,563	6.65
Bills and acceptances payable	-	-	-	-	-	442,847	-	442,847	-
Other liabilities	180,357	87,317	172,280	34,463	-	8,703,649	-	9,178,066	1.48
Borrowings	1,716,587	1,189,811	7,593,627	10,069,882	2,215,162	-	-	22,785,069	2.13
Subordinated obligations	2,131,248	-	-	7,700,000	-	-	-	9,831,248	3.70
Capital securities	29,802	-	1,240,000	1,560,000	-	-	-	2,829,802	4.07
Total liabilities	156,607,703	105,036,824	101,097,148	66,116,707	30,879,349	9,146,629	24,554,173	493,438,533	
Shareholders' equity	-	-	-	-	-	78,429,460	-	78,429,460	-
Total liabilities and shareholders' equity	156,607,703	105,036,824	101,097,148	66,116,707	30,879,349	87,576,089	24,554,173	571,867,993	
On-balance sheet interest sensitivity gap	44,027,644	(26,656,666)	(65,360,126)	919,358	63,510,266	(35,120,434)	18,679,958		
Off-balance sheet interest sensitivity gap	(3,855,972)	(4,423,408)	2,483,886	2,220,505	3,574,989	-	-		
Total interest sensitivity gap	40,171,672	(31,080,074)	(62,876,240)	3,139,863	67,085,255	(35,120,434)	18,679,958		
Cumulative interest rate sensitivity gap	40,171,672	9,091,598	(53,784,642)	(50,644,779)	16,440,476	(18,679,958)	-		

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



Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022. 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	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.

Notes to the Financial Statements

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53. 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 2023 and 31 December 2022. 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 2023	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	7,811,482	-	-	-	-	1,654	-	7,813,136	3.59
Deposits and placements with financial institutions	-	2,801,850	-	-	-	-	-	2,801,850	3.51
Financial assets purchased under resale agreements	58,118	-	-	-	-	-	-	58,118	3.15
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,331,059	1,331,059	3.61
Financial investments at fair value through other comprehensive income	619,977	-	789,483	2,007,051	20,926,035	-	-	24,342,546	4.31
Financial investments at amortised cost	6,395	18,881	1,376,250	3,866,143	8,491,520	-	-	13,759,189	3.39
Financing and advances									
– Non-impaired	156,042,345	4,560,445	2,812,831	19,537,543	46,478,417	-	-	229,431,581	4.66
– Impaired*	1,348,244	-	-	-	-	-	-	1,348,244	-
– 12-month ECL and Lifetime ECL not credit impaired	-	-	-	-	-	(1,972,670)	-	(1,972,670)	-
Derivative assets	-	-	-	-	-	-	160,619	160,619	-
Other assets	-	-	-	-	-	4,044,371	-	4,044,371	-
Other non-yield/profit sensitive balances	-	-	-	-	-	3,705,484	-	3,705,484	-
Total assets	165,886,561	7,381,176	4,978,564	25,410,737	75,895,972	5,778,839	1,491,678	286,823,527	
Liabilities and Islamic banking capital funds									
Customers' funding:									
– Deposits from customers	65,550,592	40,128,111	55,427,134	14,244,742	35,348,400	-	-	210,698,979	2.81
– Investment accounts of customers [^]	3,078,323	2,317,248	5,919,817	4,352,148	11,686,801	-	-	27,354,337	1.49
Deposits and placements from financial institutions	2,579,222	11,867,258	2,458,291	321,864	199,141	62,839	-	17,488,615	3.90
Derivative liabilities	-	-	-	-	-	-	309,093	309,093	-
Bills and acceptances payable	-	-	-	-	-	80,796	-	80,796	-
Other liabilities	11,008	-	-	-	-	1,338,875	-	1,349,883	3.48
Term funding	-	2,981,668	4,912,678	3,037,881	-	-	-	10,932,227	3.70
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	-	-	-	-	-	77,757	-	77,757	-
Total liabilities	71,219,145	57,294,285	68,717,920	24,980,875	47,234,342	1,560,267	309,093	271,315,927	
Islamic banking capital funds	-	-	-	-	-	15,507,600	-	15,507,600	-
Total liabilities and Islamic banking capital funds	71,219,145	57,294,285	68,717,920	24,980,875	47,234,342	17,067,867	309,093	286,823,527	
On-balance sheet yield/profit rate sensitivity gap	94,667,416	(49,913,109)	(63,739,356)	429,862	28,661,630	(11,289,028)	1,182,585		
Off-balance sheet yield/profit rate sensitivity gap	(154)	-	-	44	110	-	-		
Total yield/profit rate sensitivity gap	94,667,262	(49,913,109)	(63,739,356)	429,906	28,661,740	(11,289,028)	1,182,585		
Cumulative yield/profit rate sensitivity gap	94,667,262	44,754,153	(18,985,203)	(18,555,297)	10,106,443	(1,182,585)	-		

* 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 63(I).



Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022. 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 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-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
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 63(l).

Notes to the Financial Statements

31 December 2023

53. 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
2023					
Impact to profit before tax		486,120	(486,120)	69,208	(69,208)
Impact to profit after tax	24%	368,451	(368,451)	52,598	(52,598)
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)

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
2023				
Impact to revaluation reserve for FVOCI before tax	(7,481,158)	7,481,158	(4,529,595)	4,529,595
2022				
Impact to revaluation reserve for FVOCI before tax	(5,737,787)	5,737,787	(4,012,989)	4,012,989

6. Foreign exchange risk

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's operating business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The FX translation risks are mitigated as the assets are funded in the same currency. In addition, the earnings from the overseas operations are repatriated in line with Management Committees' direction as and when required. The Group controls its FX exposures by transacting in permissible currencies. It has an internal FX NOP to measure, control and monitor its FX risk and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital buffer on FX risk.



Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022, 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 2023	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	9,308,802	3,291,970	297,764	47,366	11,945,602	547,585	253,944	3,211,002	28,904,035
Deposits and placements with financial institutions	390,743	6,684,528	(27)	4,245	5,861,537	754	7	529,820	13,471,607
Financial assets purchased under resale agreements	58,119	5,206,793	-	-	10,473,923	694,191	-	911,338	17,344,364
Financial assets designated upon initial recognition at fair value through profit or loss	13,203,960	8,928	-	1,485	115,134	1,385	-	47,897	13,378,789
Financial investments at fair value through profit or loss	18,565,364	7,250,791	2,120	496,722	2,084,181	2,306,202	122,779	5,142,041	35,970,200
Financial investments at fair value through other comprehensive income	86,856,847	23,175,851	-	1,518,500	6,139,989	6,902,429	68,024	7,520,495	132,182,135
Financial investments at amortised cost	48,098,311	14,825,202	-	342,755	15,180,265	1,500,096	483,181	3,954,588	84,384,398
Loans, advances and financing to financial institutions	77,412	-	-	-	166,724	1,255,122	-	-	1,499,258
Loans, advances and financing to customers	370,060,905	130,792,319	7,389,979	9,487,746	56,812,828	28,752,754	1,211,373	24,414,876	628,922,780
Derivative assets*	14,541,753	10,137,040	26,497	413,263	(17,164,307)	(53,711)	3,532,662	10,214,357	21,647,554
Insurance contract/takaful certificate assets	417	51,446	-	-	(15,682)	87,023	-	-	123,204
Reinsurance contract/retakaful certificate assets	3,170,402	2,407,743	-	-	537	91,067	-	29,083	5,698,832
Other assets*	4,606,115	449,390	627,454	108,757	4,244,500	1,049,286	279,979	1,300,475	12,665,956
Investment properties	1,014,450	-	-	-	865	-	-	4,643	1,019,958
Statutory deposits with central banks	6,329,673	5,508,131	-	-	908,584	2,082,226	-	911,121	15,739,735
Interest in associates and joint ventures	201,961	-	-	-	634,292	-	-	1,269,281	2,105,534
Property, plant and equipment	999,625	788,114	23,025	5,784	61,447	366,198	-	65,053	2,309,246
Right-of-use assets	908,608	268,559	5,364	50,222	93,583	211,675	-	98,126	1,636,137
Intangible assets	1,046,835	2,090,573	-	80,211	17,650	3,296,123	-	830,519	7,361,911
Deferred tax assets*	720,760	51,550	-	-	14,468	283,690	-	238,518	1,308,986
Total assets	580,161,062	212,988,928	8,372,176	12,557,056	97,576,120	49,374,095	5,951,949	60,693,233	1,027,674,619

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

Notes to the Financial Statements

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53. 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 2023 and 31 December 2022, 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 (cont'd.).

Group 2023 (cont'd.)	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
Liabilities									
Customers' funding:									
– Deposits from customers	347,847,027	152,540,743	3,927,646	14,957,569	101,415,093	26,240,376	3,091,237	20,339,645	670,359,336
– Investment accounts of customers [^]	26,475,396	–	–	–	–	–	–	–	26,475,396
Deposits and placements from financial institutions	7,022,532	1,559,639	112,660	1,686,897	29,265,305	703,780	12,812	4,313,267	44,676,892
Obligations on financial assets sold under repurchase agreements	33,537,932	1,783,321	–	–	1,506,239	586,185	–	659,031	38,072,708
Derivative liabilities*	64,453,444	15,226,582	409,014	(73,989)	(65,780,212)	1,284,743	1,952,315	7,611,058	25,082,955
Financial liabilities at fair value through profit or loss	322,871	–	–	–	8,443,692	–	–	–	8,766,563
Bills and acceptances payable	489,608	460,730	210	56	106,266	44,331	319	31,650	1,133,170
Insurance contract/takaful certificate liabilities	30,907,051	12,909,529	–	–	5,728	198,967	–	476,276	44,497,551
Reinsurance contract/retakaful certificate liabilities	–	53,611	–	–	(107)	29,497	–	–	83,001
Other liabilities*	8,267,907	7,100,254	479,066	324,753	3,733,125	1,947,905	513,320	3,574,598	25,940,928
Provision for taxation and zakat	(196,483)	385,854	(30)	1,297	23,544	22,487	–	2,720	239,389
Deferred tax liabilities	656,716	17,137	24	–	5	–	–	11,764	685,646
Borrowings	2,883,155	1,332,395	–	3,257,572	11,749,980	3,135,041	10,749	8,668,678	31,037,570
Subordinated obligations	10,145,549	–	–	–	–	–	–	–	10,145,549
Capital securities	2,829,802	–	–	–	–	–	–	–	2,829,802
Total liabilities	535,642,507	193,369,795	4,928,590	20,154,155	90,468,658	34,193,312	5,580,752	45,688,687	930,026,456
On-balance sheet open position	44,518,555	19,619,133	3,443,586	(7,597,099)	7,107,462	15,180,783	371,197	15,004,546	97,648,163
Less: Derivative assets	(14,541,753)	(10,137,040)	(26,497)	(413,263)	17,164,307	53,711	(3,532,662)	(10,214,357)	(21,647,554)
Add: Derivative liabilities	64,453,444	15,226,582	409,014	(73,989)	(65,780,212)	1,284,743	1,952,315	7,611,058	25,082,955
Add: Net forward position	(36,373,892)	(3,750,060)	(3,296,087)	7,676,899	53,035,727	(3,746,834)	1,233,576	(5,198,618)	9,580,711
Net open position	58,056,354	20,958,615	530,016	(407,452)	11,527,284	12,772,403	24,426	7,202,629	110,664,275
Net structural currency exposures	–	18,461,418	57,573	182,497	11,383,671	8,686,603	4,190	5,000,082	43,776,034

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(I).

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.



Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022, 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 (cont'd.).

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	6,603,845	23,124	134,673	2,528,595	857,486	93,626	5,231,651	25,143,208
Financial investments at fair value through other comprehensive income	61,426,843	28,586,766	–	1,525,398	16,642,551	5,514,566	499,287	7,171,579	121,366,990
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	346,351,520	119,888,173	6,858,298	8,278,742	51,522,158	24,042,682	1,230,546	15,593,543	573,765,662
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
Insurance contract/takaful certificate assets	76,787	–	–	–	–	–	–	–	76,787
Reinsurance contract/retakaful certificate assets	5,518,287	1,694,286	–	–	2,360	207,450	–	153,839	7,576,222
Other assets*	4,964,882	344,721	624,652	307,247	2,941,944	1,208,574	137,170	923,473	11,452,663
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*	1,915,167	–	–	–	15,427	275,959	–	235,751	2,442,304
Total assets	568,381,959	184,794,923	6,678,113	10,901,828	90,649,037	41,077,196	4,276,465	41,370,562	948,130,083

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

Notes to the Financial Statements

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53. 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 2023 and 31 December 2022, 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 (cont'd.).

Group 2022 (cont'd.)	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
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 contract/takaful certificate liabilities	30,678,795	11,178,074	–	–	12,022	258,591	–	369,989	42,497,471
Reinsurance contract/retakaful certificate liabilities	749,188	–	–	–	–	–	–	–	749,188
Other liabilities*	7,615,781	7,170,568	431,697	422,825	4,809,101	1,875,107	309,182	3,311,822	25,946,083
Provision for taxation and zakat	(155,911)	377,962	1,313	26,518	39,838	25,603	–	57,053	372,376
Deferred tax liabilities	653,781	(393,070)	42	–	–	–	–	10,859	271,612
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	523,598,397	155,706,055	4,169,329	19,691,354	91,542,411	30,287,737	3,920,786	30,601,928	859,517,997
On-balance sheet open position	44,783,562	29,088,868	2,508,784	(8,789,526)	(893,374)	10,789,459	355,679	10,768,634	88,612,086
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	48,887,681	18,700,511	228,929	1,145,780	2,791,269	11,928,686	7,847	8,376,577	92,067,280
Net structural currency exposures	–	15,333,040	16,695	76,383	8,352,187	7,619,508	–	3,563,103	34,960,916

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(I).

* 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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53. 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 2023 and 31 December 2022, 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 (cont'd.).

Bank 2023	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	6,068,801	2,108,372	293,877	445,767	7,987,809	145,803	201,003	2,808,868	20,060,300
Deposits and placements with financial institutions	12,769,971	6,467,680	321,793	-	7,852,602	-	-	227,065	27,639,111
Financial assets purchased under resale agreements	-	5,206,793	-	-	10,473,923	-	-	-	15,680,716
Financial investments at fair value through profit or loss	12,881,719	3,600,612	-	26,613	665,124	1,826,250	-	2,757,052	21,757,370
Financial investments at fair value through other comprehensive income	50,857,762	9,343,840	-	1,518,500	5,005,318	108,295	32,202	6,433,127	73,299,044
Financial investments at amortised cost	37,928,375	10,523,097	-	342,755	14,625,866	-	483,181	1,835,318	65,738,592
Loans, advances and financing to financial institutions	42,987,100	-	309,903	-	6,628	-	-	-	43,303,631
Loans, advances and financing to customers	111,256,304	50,132,514	5,649,041	9,062,679	43,608,273	-	863,060	14,450,985	235,022,856
Derivative assets*	22,367,948	10,654,895	(43,306)	410,400	(26,137,092)	(195,100)	4,437,914	9,981,102	21,476,761
Other assets*	2,653,809	(46,838)	583,250	(11,781)	2,937,548	(22,076)	27,115	137,078	6,258,105
Statutory deposits with central banks	2,708,530	1,712,038	-	-	35,263	-	-	235,315	4,691,146
Investment in subsidiaries	12,978,222	14,774,102	-	-	264,397	3,533,446	-	2,936,074	34,486,241
Interest in associates and joint ventures	4,511	-	-	-	434,348	-	-	-	438,859
Property, plant and equipment	583,901	254,130	22,419	1,169	5,101	-	-	2,105	868,825
Right-of-use assets	389,854	62,855	4,035	26,355	16,889	-	-	19,647	519,635
Intangible assets	523,520	2,383	-	1,574	6,291	-	-	9,528	543,296
Deferred tax assets*	(47,146)	14,388	-	-	-	-	-	116,263	83,505
Total assets	316,913,181	114,810,861	7,141,012	11,824,031	67,788,288	5,396,618	6,044,475	41,949,527	571,867,993

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

Notes to the Financial Statements

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53. 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 2023 and 31 December 2022, 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 (cont'd.).

Bank 2023 (cont'd.)	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
Liabilities									
Deposits from customers	155,746,766	51,777,412	2,406,443	14,758,359	64,978,950	56	992,470	9,015,683	299,676,139
Deposits and placements from financial institutions	10,490,856	7,986,230	460,072	1,725,390	33,135,977	-	32,289	4,390,969	58,221,783
Obligations on financial assets sold under repurchase agreements	33,537,932	13,880,640	-	-	9,090,140	-	-	644,131	57,152,843
Derivative liabilities*	58,515,491	15,784,941	1,097,870	(79,332)	(63,755,668)	1,133,750	4,156,268	7,700,853	24,554,173
Financial liabilities at fair value through profit or loss	322,871	-	-	-	8,443,692	-	-	-	8,766,563
Bills and acceptances payable	408,455	5,926	210	56	2,033	-	319	25,848	442,847
Other liabilities*	7,415,410	443,338	704,303	59,166	(141,585)	265,891	25,645	405,898	9,178,066
Provision for taxation and zakat	(269,006)	247,627	-	-	16,189	-	-	5,190	-
Borrowings	2,883,155	1,091,115	-	3,024,184	8,582,304	-	-	7,204,311	22,785,069
Subordinated obligations	9,831,248	-	-	-	-	-	-	-	9,831,248
Capital securities	2,829,802	-	-	-	-	-	-	-	2,829,802
Total liabilities	281,712,980	91,217,229	4,668,898	19,487,823	60,352,032	1,399,697	5,206,991	29,392,883	493,438,533
On-balance sheet open position	35,200,201	23,593,632	2,472,114	(7,663,792)	7,436,256	3,996,921	837,484	12,556,644	78,429,460
Less: Derivative assets	(22,367,948)	(10,654,895)	43,306	(410,400)	26,137,092	195,100	(4,437,914)	(9,981,102)	(21,476,761)
Add: Derivative liabilities	58,515,491	15,784,941	1,097,870	(79,332)	(63,755,668)	1,133,750	4,156,268	7,700,853	24,554,173
Add: Net forward position	(36,373,892)	(3,547,832)	(3,435,032)	7,541,291	40,685,950	(1,545,387)	(518,743)	(6,223,577)	(3,417,222)
Net open position	34,973,852	25,175,846	178,258	(612,233)	10,503,630	3,780,384	37,095	4,052,818	78,089,650
Net structural currency exposures	-	24,408,093	46,306	-	10,314,256	3,533,446	6,411	4,034,272	42,342,784

* 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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53. 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 2023 and 31 December 2022, 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 (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

* The currency positions of the respective assets and liabilities in the analysis above have been stated on a gross basis. These assets and liabilities have been set-off and presented on a net basis if necessary and as appropriate in accordance with applicable MFRS in the Group's and the Bank's statements of financial position.

Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022, 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 (cont'd.).

Bank 2022 (cont'd.)	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
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	–	21,860,241	16,695	–	7,366,163	3,517,532	–	3,565,476	36,326,107

* 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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53. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Singapore Dollar	18,461,418	15,333,040	24,408,093	21,860,241
Great Britain Pound	57,573	16,695	46,306	16,695
Hong Kong Dollar	182,497	76,383	–	–
United States Dollar	11,383,671	8,352,187	10,314,256	7,366,163
Indonesia Rupiah	8,686,603	7,619,508	3,533,446	3,517,532
Euro	4,190	–	6,411	–
Others	5,000,082	3,563,103	4,034,272	3,565,476
	43,776,034	34,960,916	42,342,784	36,326,107

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
2023				
Impact to profit after taxation	(40,156)	40,156	(35,519)	35,519
2022				
Impact to profit after taxation	23,865	(23,865)	6,426	(6,426)

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.

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.

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

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

8. Equity price risk (cont'd.)

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
2023				
Impact to profit after tax	617,214	(617,214)	46,545	(46,545)
Impact to post-tax equity	29,684	(29,684)	26	(26)
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)

(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;
- Enhanced Liquidity Coverage Ratio reporting to optimise liquidity management;
- Conducting liquidity stress testing under various scenarios as part of prudent liquidity control;
- Maintaining a robust contingency funding plan that includes strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios; and
- Conducting Recovery Plan ("RCP") testing to examine the effectiveness and robustness of the plans to avert any potential liquidity disasters affecting the Group's and the Bank's liquidity soundness and financial solvency.



Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022.

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

Group 2023	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	28,904,035	-	-	-	-	-	-	-	28,904,035
Deposits and placements with financial institutions	81,946	10,272,590	2,686,771	149,555	280,745	-	-	-	13,471,607
Financial assets purchased under resale agreements	16,764,368	579,996	-	-	-	-	-	-	17,344,364
Financial assets designated upon initial recognition at fair value through profit or loss	184,357	97,284	55,493	186,299	1,893,173	723,995	10,237,998	190	13,378,789
Financial investments at fair value through profit or loss	6,028,449	2,743,106	3,918,680	3,917,939	4,753,961	2,227,801	4,315,613	8,064,651	35,970,200
Financial investments at fair value through other comprehensive income	8,021,348	6,909,986	6,798,250	3,043,844	10,601,415	10,515,685	84,477,457	1,814,150	132,182,135
Financial investments at amortised cost	541,422	3,287,886	9,970,783	5,984,310	13,086,144	13,432,949	31,566,739	6,514,165	84,384,398
Loans, advances and financing to financial institutions	5,694	382,255	78,002	155,990	471,454	357,726	48,137	-	1,499,258
Loans, advances and financing to customers	62,864,041	32,524,944	15,823,788	26,298,498	73,052,693	80,316,548	338,042,268	-	628,922,780
Derivative assets	711,188	1,314,169	567,024	1,053,454	2,855,641	1,826,449	13,319,629	-	21,647,554
Insurance contract/takaful certificate assets	36,181	-	-	87,023	-	-	-	-	123,204
Reinsurance contract/retakaful certificate assets	5,607,765	-	-	91,067	-	-	-	-	5,698,832
Other assets	4,941,850	139,597	4,843	1,049,797	46,626	23,294	41,780	6,418,169	12,665,956
Investment properties	-	-	-	-	-	-	-	1,019,958	1,019,958
Statutory deposits with central banks	-	-	-	-	-	-	-	15,739,735	15,739,735
Interest in associates and joint ventures	-	-	-	-	-	-	-	2,105,534	2,105,534
Property, plant and equipment	-	-	-	-	-	-	-	2,309,246	2,309,246
Right-of-use assets	-	-	-	-	-	-	-	1,636,137	1,636,137
Intangible assets	-	-	-	-	-	-	-	7,361,911	7,361,911
Deferred tax assets	-	-	-	-	-	-	-	1,308,986	1,308,986
Total assets	134,692,644	58,251,813	39,903,634	42,017,776	107,041,852	109,424,447	482,049,621	54,292,832	1,027,674,619
Liabilities									
Customers' funding:									
- Deposits from customers	369,381,579	119,616,367	87,172,198	84,217,306	9,788,006	183,880	-	-	670,359,336
- Investment accounts of customers [^]	23,578,425	657,370	1,072,077	1,133,453	30,557	3,514	-	-	26,475,396
Deposits and placements from financial institutions	11,073,305	23,575,590	2,624,318	2,117,029	4,887,606	199,903	199,141	-	44,676,892
Obligations on financial assets sold under repurchase agreements	29,466,233	7,323,681	1,282,794	-	-	-	-	-	38,072,708
Derivative liabilities	1,264,376	1,542,105	1,185,246	1,160,103	3,289,378	1,497,550	15,144,197	-	25,082,955
Financial liabilities at fair value through profit or loss	5,597	-	40,108	18,310	158,650	101,791	8,442,107	-	8,766,563
Bills and acceptances payable	1,025,380	49,655	58,135	-	-	-	-	-	1,133,170
Insurance contract/takaful certificate liabilities	18,158,166	-	-	202,283	-	-	-	26,137,102	44,497,551
Reinsurance contract/retakaful certificate liabilities	-	-	-	29,390	-	-	-	53,611	83,001
Other liabilities	11,602,683	386,565	704,822	809,256	6,913,965	701,570	2,132,510	2,689,557	25,940,928
Provision for taxation and zakat	1,982	528	6,466	32,665	-	-	-	197,748	239,389
Deferred tax liabilities	-	-	-	-	-	-	-	685,646	685,646
Borrowings	3,568,383	2,194,661	2,310,998	8,783,982	5,853,544	4,735,056	3,590,946	-	31,037,570
Subordinated obligations	2,131,248	-	-	-	7,312,051	700,000	2,250	-	10,145,549
Capital securities	29,802	-	-	1,240,000	1,560,000	-	-	-	2,829,802
Total liabilities	471,287,159	155,346,522	96,457,162	99,743,777	39,793,757	8,123,264	29,511,151	29,763,664	930,026,456
Net liquidity gap	(336,594,515)	(97,094,709)	(56,553,528)	(57,726,001)	67,248,095	101,301,183	452,538,470	24,529,168	97,648,163

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(l).

Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022 (cont'd.).

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

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	3,967,686	3,196,220	2,509,977	3,050,204	1,278,042	881,146	2,129,947	8,129,986	25,143,208
Financial investments at fair value through other comprehensive income	7,540,108	3,425,449	10,316,002	4,897,676	14,265,370	20,960,567	58,952,647	1,009,171	121,366,990
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	18,752,717	63,660,093	76,344,840	313,729,471	–	573,765,662
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
Insurance contract/takaful certificate assets	76,787	–	–	–	–	–	–	–	76,787
Reinsurance contract/retakaful certificate assets	7,368,772	–	–	207,450	–	–	–	–	7,576,222
Other assets	4,644,657	46,063	2,099	678,375	30,970	16,705	5,377	6,028,417	11,452,663
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	–	–	–	–	–	–	–	2,442,304	2,442,304
Total assets	141,788,027	44,115,429	40,259,245	33,425,599	91,289,287	108,937,012	439,531,205	48,784,279	948,130,083
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 contract/takaful certificate liabilities	18,907,598	–	–	261,752	–	–	–	23,328,121	42,497,471
Reinsurance contract/retakaful certificate liabilities	749,188	–	–	–	–	–	–	–	749,188
Other liabilities	13,651,992	4,349	254,980	2,094,156	1,661,647	4,563,946	1,076,019	2,638,994	25,946,083
Provision for taxation and zakat	8,167	496	14,003	18,520	–	–	–	331,190	372,376
Deferred tax liabilities	–	–	–	–	–	–	–	271,612	271,612
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	458,928,612	148,721,040	75,351,113	65,537,001	37,212,518	16,930,067	30,267,729	26,569,917	859,517,997
Net liquidity gap	(317,140,585)	(104,605,611)	(35,091,868)	(32,111,402)	54,076,769	92,006,945	409,263,476	22,214,362	88,612,086

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(l).



Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022 (cont'd.).

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

Bank 2023	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	20,060,300	-	-	-	-	-	-	-	20,060,300
Deposits and placements with financial institutions	-	24,587,237	2,685,043	117,792	249,039	-	-	-	27,639,111
Financial assets purchased under resale agreements	15,158,838	521,878	-	-	-	-	-	-	15,680,716
Financial investments at fair value through profit or loss	3,773,566	2,485,369	3,819,372	3,737,568	2,376,778	1,968,510	2,250,514	1,345,693	21,757,370
Financial investments at fair value through other comprehensive income	2,651,034	3,725,794	3,632,467	2,223,894	6,170,753	5,738,822	48,812,790	343,490	73,299,044
Financial investments at amortised cost	497,428	3,382,891	3,952,289	4,717,257	13,177,578	12,271,790	27,739,132	227	65,738,592
Loans, advances and financing to financial institutions	11,986,956	11,129,416	2,724	5,892,156	875,510	7,508,525	5,908,344	-	43,303,631
Loans, advances and financing to customers	30,573,846	20,729,270	8,180,228	14,440,444	46,495,768	36,242,878	78,360,422	-	235,022,856
Derivative assets	652,726	1,164,491	493,445	1,046,350	2,751,821	2,038,789	13,329,139	-	21,476,761
Other assets	826,192	67,717	379	-	2,790	567	33	5,360,427	6,258,105
Statutory deposits with central banks	-	-	-	-	-	-	-	4,691,146	4,691,146
Investment in subsidiaries	-	-	-	-	-	-	-	34,486,241	34,486,241
Interest in associates and joint ventures	-	-	-	-	-	-	-	438,859	438,859
Property, plant and equipment	-	-	-	-	-	-	-	868,825	868,825
Right-of-use assets	-	-	-	-	-	-	-	519,635	519,635
Intangible assets	-	-	-	-	-	-	-	543,296	543,296
Deferred tax assets	-	-	-	-	-	-	-	83,505	83,505
Total assets	86,180,886	67,794,063	22,765,947	32,175,461	72,100,037	65,769,881	176,400,374	48,681,344	571,867,993
Liabilities									
Deposits from customers	162,968,937	61,893,884	31,513,989	37,037,252	6,091,918	170,159	-	-	299,676,139
Deposits and placements from financial institutions	26,477,308	23,054,545	2,539,114	1,611,704	4,539,112	-	-	-	58,221,783
Obligations on financial assets sold under repurchase agreements	48,649,626	7,220,423	1,282,794	-	-	-	-	-	57,152,843
Derivative liabilities	1,160,410	1,493,510	1,057,738	905,116	3,118,314	1,654,119	15,164,966	-	24,554,173
Financial liabilities at fair value through profit or loss	5,597	-	40,108	18,310	158,650	101,791	8,442,107	-	8,766,563
Bills and acceptances payable	442,399	-	448	-	-	-	-	-	442,847
Other liabilities	6,554,040	188,352	219,074	80,222	103,175	143,594	350,058	1,539,551	9,178,066
Borrowings	1,716,587	1,189,811	1,593,206	5,802,547	6,525,491	4,592,265	1,365,162	-	22,785,069
Subordinated obligations	2,131,248	-	-	-	7,000,000	700,000	-	-	9,831,248
Capital securities	29,802	-	-	1,240,000	1,560,000	-	-	-	2,829,802
Total liabilities	250,135,954	95,040,525	38,246,471	46,695,151	29,096,660	7,361,928	25,322,293	1,539,551	493,438,533
Net liquidity gap	(163,955,068)	(27,246,462)	(15,480,524)	(14,519,690)	43,003,377	58,407,953	151,078,081	47,141,793	78,429,460

Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022 (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	56,737,051	140,605,304	46,888,562	73,070,800



Notes to the Financial Statements

31 December 2023

53. 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 2023 and 31 December 2022. 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 2023	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	401,497,286	115,084,699	84,643,336	75,306,904	4,407,825	6,036,453	366,863	687,343,366
Investment accounts of customers	23,590,473	664,793	1,087,922	1,154,552	31,370	3,902	-	26,533,012
Deposits and placements from financial institutions	12,223,433	24,887,909	2,805,502	5,720,220	990,426	254,222	536,031	47,417,743
Obligations on financial assets sold under repurchase agreements	29,577,461	7,246,644	1,284,827	-	-	-	-	38,108,932
Financial liabilities at fair value through profit or loss	5,500	-	40,000	18,200	157,020	101,950	12,449,957	12,772,627
Bills and acceptances payable	1,131,129	-	448	1,720	-	-	79	1,133,376
Insurance contract/takaful certificate liabilities	44,294,980	-	-	202,283	-	-	-	44,497,263
Reinsurance contract/retakaful certificate liabilities	53,611	-	-	29,390	-	-	-	83,001
Other liabilities	8,604,359	1,321,973	2,169,612	7,130,136	5,335,551	1,663,613	1,343,563	27,568,807
Borrowings	3,863,179	3,782,063	2,725,750	9,449,450	5,863,196	5,195,385	1,648,318	32,527,341
Subordinated obligations	2,046,934	1,295	1,267	62,189	7,953,438	786,859	435,820	11,287,802
Capital securities	-	-	-	1,290,869	1,753,635	-	-	3,044,504
	526,888,345	152,989,376	94,758,664	100,365,913	26,492,461	14,042,384	16,780,631	932,317,774
Commitments and contingencies								
Direct credit substitutes	3,097,932	3,173,257	1,452,232	3,487,157	868,447	159,317	352,262	12,590,604
Certain transaction-related contingent items	1,657,725	930,277	2,353,503	4,287,706	5,452,418	1,599,177	775,079	17,055,885
Short-term self-liquidating trade-related contingencies	1,274,350	2,960,030	259,908	32,829	-	-	-	4,527,117
Irrevocable commitments to extend credit	110,175,025	5,717,776	713,115	42,975,045	30,672,222	21,508,579	11,588,176	223,349,938
Miscellaneous	8,822,717	2,637,167	761,696	1,595,370	199,518	52,242	118,056	14,186,766
	125,027,749	15,418,507	5,540,454	52,378,107	37,192,605	23,319,315	12,833,573	271,710,310
Group 2022								
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 contract/takaful certificate liabilities	42,259,862	-	-	261,752	-	-	-	42,521,614
Reinsurance contract/retakaful certificate liabilities	749,188	-	-	-	-	-	-	749,188
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
	472,383,938	149,771,868	79,001,908	78,504,091	27,523,570	19,496,320	18,154,796	844,836,491
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

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53. 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 2023 and 31 December 2022. 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 2023	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	182,987,283	56,473,540	28,430,932	32,331,306	1,231,070	62,656	240,069	301,756,856
Deposits and placements from financial institutions	26,977,198	24,265,811	2,618,972	5,210,019	1,064,144	53,500	336,890	60,526,534
Obligations on financial assets sold under repurchase agreements	48,657,596	7,246,644	1,284,827	-	-	-	-	57,189,067
Financial liabilities at fair value through profit or loss	5,500	-	40,000	18,200	157,020	101,950	12,449,957	12,772,627
Bills and acceptances payable	442,399	-	448	-	-	-	-	442,847
Other liabilities	425,609	1,099,579	1,584,694	878,702	2,960,643	1,253,239	1,619,813	9,822,279
Borrowings	1,411,237	1,393,954	1,742,516	6,132,663	6,761,634	4,903,680	1,648,318	23,994,002
Subordinated obligations	2,046,934	-	-	-	7,641,385	786,859	-	10,475,178
Capital securities	-	-	-	1,290,869	1,753,635	-	-	3,044,504
	262,953,756	90,479,528	35,702,389	45,861,759	21,569,531	7,161,884	16,295,047	480,023,894
Commitments and contingencies								
Direct credit substitutes	2,175,261	3,025,304	647,010	2,040,631	581,743	48,314	487	8,518,750
Certain transaction-related contingent items	1,156,856	677,660	1,718,525	3,381,680	3,657,429	998,747	515,407	12,106,304
Short-term self-liquidating trade-related contingencies	867,311	2,411,746	236,826	26,954	-	-	-	3,542,837
Irrevocable commitments to extend credit	86,516,264	5,717,776	713,115	1,600,562	14,705,338	11,933,302	11,588,176	132,774,533
Miscellaneous	5,930,538	2,628,607	758,452	1,501,927	-	-	118,056	10,937,580
	96,646,230	14,461,093	4,073,928	8,551,754	18,944,510	12,980,363	12,222,126	167,880,004

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



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53. 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 2023 and 31 December 2022. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group 2023	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	(58,810)	31,243	(77,923)	(117,979)	(195,872)	-	-	(419,341)
– Interest rate related contracts	(140,637)	(510,796)	(612,182)	(795,950)	(2,251,168)	(1,611,867)	(10,233,669)	(16,156,269)
– Equity related contracts	5,349	-	-	-	-	-	5,144	10,493
– Credit related contracts	912	(399)	(104)	(28,919)	2,049	77	64	(26,320)
Hedging derivatives								
– Interest rate related contracts	-	(6,696)	-	-	-	-	-	(6,696)
	(193,186)	(486,648)	(690,209)	(942,848)	(2,444,991)	(1,611,790)	(10,228,461)	(16,598,133)

Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
– Outflow	(169,943,556)	(103,534,396)	(67,265,264)	(49,442,506)	(13,075,425)	(3,899,302)	(2,029,390)	(409,189,839)
– Inflow	174,549,107	104,629,007	66,581,110	48,994,366	12,339,432	3,554,213	1,991,423	412,638,658
Hedging derivatives								
Derivatives:								
– Outflow	(26,660)	(87,618)	(1,403,635)	(990,117)	(3,611,050)	(720,305)	(907,044)	(7,746,429)
– Inflow	7,610	19,361	1,292,383	836,315	3,130,811	628,878	738,787	6,654,145
	4,586,501	1,026,354	(795,406)	(601,942)	(1,216,232)	(436,516)	(206,224)	2,356,535

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
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)

Notes to the Financial Statements

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53. 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 2023 and 31 December 2022. The amounts disclosed in the tables are the contractual undiscounted cash flows (cont'd.).

Bank 2023	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	(58,810)	31,243	(77,923)	(124,831)	(195,872)	-	-	(426,193)
- Interest rate related contracts	(140,654)	(510,755)	(612,115)	(796,087)	(2,322,319)	(1,611,987)	(10,232,339)	(16,226,256)
- Equity related contracts	729	-	-	-	-	-	5,144	5,873
- Credit related contracts	912	(399)	(104)	(28,919)	2,049	77	64	(26,320)
Hedging derivatives								
- Interest rate related contracts	-	(6,696)	-	-	-	-	-	(6,696)
	(197,823)	(486,607)	(690,142)	(949,837)	(2,516,142)	(1,611,910)	(10,227,131)	(16,679,592)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
- Outflow	(165,451,681)	(104,371,872)	(67,318,639)	(48,004,941)	(10,230,766)	(3,465,689)	(2,107,684)	(400,951,272)
- Inflow	170,101,523	105,549,857	66,689,137	47,823,798	9,378,402	3,125,194	2,063,975	404,731,886
Hedging derivatives								
Derivatives:								
- Outflow	(26,660)	(87,618)	(1,403,635)	(990,117)	(3,611,050)	(720,305)	(907,044)	(7,746,429)
- Inflow	7,610	19,361	1,292,383	836,315	3,130,811	628,878	738,787	6,654,145
	4,630,792	1,109,728	(740,754)	(334,945)	(1,332,603)	(431,922)	(211,966)	2,688,330
Bank 2022								
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)



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53. 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 or reputation.

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 portfolios 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.

54. 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.

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54. FAIR VALUE MEASUREMENTS (CONT'D.)

(a) Valuation principles (cont'd.)

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

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

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

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

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

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

- Level 3: Valuation techniques for which significant inputs are not based on observable market data

Refers to instruments where fair value is measured using significant unobservable inputs. The valuation techniques used are consistent with Level 2 but incorporate 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 socioeconomic reasons (classified as Level 3) are determined based on the net tangible assets of the companies.

Loans, advances and financing at fair value through profit or loss and at fair value through other comprehensive income

The fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles.

Financial liabilities at fair value through profit or loss

The fair values of financial liabilities designated at fair value through profit or loss were derived using discounted cash flows.

Investment properties

The fair values of investment properties are determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Under the comparison method, fair value is estimated by considering the selling price per square foot of comparable investment properties sold adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. Income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process may consider the relationships including yield and discount rates.



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54. 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 2023	Valuation technique using			Total RM'000
	Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	
Non-financial assets measured at fair value:				
Investment properties	-	-	1,019,958	1,019,958
Financial assets measured at fair value:				
Financial assets designated upon initial recognition at fair value through profit or loss				
	18,681	13,360,108	-	13,378,789
Money market instruments	-	1,094,093	-	1,094,093
Quoted securities	18,681	-	-	18,681
Unquoted securities	-	12,266,015	-	12,266,015
Financial investments at fair value through profit or loss				
	10,899,622	24,166,950	903,628	35,970,200
Money market instruments	-	16,781,295	-	16,781,295
Quoted securities	10,899,622	-	-	10,899,622
Unquoted securities	-	7,385,655	903,628	8,289,283
Financial investments at fair value through other comprehensive income				
	6,999,520	124,640,831	541,784	132,182,135
Money market instruments	-	73,397,558	-	73,397,558
Quoted securities	6,999,520	-	-	6,999,520
Unquoted securities	-	51,243,273	541,784	51,785,057
Loans, advances and financing at fair value through other comprehensive income				
	-	-	34,974,217	34,974,217
Derivative assets				
	-	21,243,457	404,097	21,647,554
Foreign exchange related contracts	-	6,284,702	-	6,284,702
Interest rate related contracts	-	17,933,795	-	17,933,795
Equity and commodity related contracts	-	195,937	404,097	600,034
Credit related contracts	-	1,698	-	1,698
Netting effects under MFRS 132 Amendments	-	(3,172,675)	-	(3,172,675)
	17,917,823	183,411,346	36,823,726	238,152,895
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
	-	8,766,563	-	8,766,563
Structured deposits	-	322,871	-	322,871
Borrowings	-	8,443,692	-	8,443,692
Derivative liabilities				
	-	24,678,858	404,097	25,082,955
Foreign exchange related contracts	-	8,030,457	-	8,030,457
Interest rate related contracts	-	19,413,159	-	19,413,159
Equity and commodity related contracts	-	407,142	404,097	811,239
Credit related contracts	-	775	-	775
Netting effects under MFRS 132 Amendments	-	(3,172,675)	-	(3,172,675)
	-	33,445,421	404,097	33,849,518

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54. 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 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				
	22,722	12,800,078	–	12,822,800
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				
	10,062,412	14,198,574	882,222	25,143,208
Money market instruments	–	8,402,673	–	8,402,673
Quoted securities	10,062,412	–	–	10,062,412
Unquoted securities	–	5,795,901	882,222	6,678,123
Financial investments at fair value through other comprehensive income				
	7,193,539	113,767,318	406,133	121,366,990
Money market instruments	–	58,117,521	–	58,117,521
Quoted securities	7,193,539	–	–	7,193,539
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				
	–	8,317,084	–	8,317,084
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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54. 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 2023				
Financial assets measured at fair value:				
Financial investments at fair value through profit or loss	612,438	20,411,607	733,325	21,757,370
Money market instruments	-	15,046,240	-	15,046,240
Quoted securities	612,438	-	-	612,438
Unquoted securities	-	5,365,367	733,325	6,098,692
Financial investments at fair value through other comprehensive income	340	72,764,141	534,563	73,299,044
Money market instruments	-	40,536,947	-	40,536,947
Quoted securities	340	-	-	340
Unquoted securities	-	32,227,194	534,563	32,761,757
Loans, advances and financing at fair value through other comprehensive income	-	-	35,311,779	35,311,779
Derivative assets	-	21,072,664	404,097	21,476,761
Foreign exchange related contracts	-	6,196,190	-	6,196,190
Interest rate related contracts	-	17,959,004	-	17,959,004
Equity and commodity related contracts	-	9,626	404,097	413,723
Credit related contracts	-	1,698	-	1,698
Netting effects under MFRS 132 Amendments	-	(3,093,854)	-	(3,093,854)
	612,778	114,248,412	36,983,764	151,844,954
Financial liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss	-	8,766,563	-	8,766,563
Structured deposits	-	322,871	-	322,871
Borrowings	-	8,443,692	-	8,443,692
Derivative liabilities	-	24,150,076	404,097	24,554,173
Foreign exchange related contracts	-	7,822,656	-	7,822,656
Interest rate related contracts	-	19,419,684	-	19,419,684
Equity and commodity related contracts	-	815	404,097	404,912
Credit related contracts	-	775	-	775
Netting effects under MFRS 132 Amendments	-	(3,093,854)	-	(3,093,854)
	-	32,916,639	404,097	33,320,736

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54. 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 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	
Financial assets measured at fair value:				
Financial investments at fair value through profit or loss				
Money market instruments	514,606	12,747,961	715,908	13,978,475
Quoted securities	–	8,182,642	–	8,182,642
Unquoted securities	514,606	–	–	514,606
	–	4,565,319	715,908	5,281,227
Financial investments at fair value through other comprehensive income				
Money market instruments	18,029	73,135,323	398,128	73,551,480
Quoted securities	–	31,361,580	–	31,361,580
Unquoted securities	18,029	–	–	18,029
	–	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				
Foreign exchange related contracts	–	23,853,653	440,179	24,293,832
Interest rate related contracts	–	6,663,812	–	6,663,812
Equity and commodity related contracts	–	19,366,758	–	19,366,758
Credit related contracts	–	8,889	440,179	449,068
Netting effects under MFRS 132 Amendments	–	1,814	–	1,814
	–	(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				
Structured deposits	–	8,317,084	–	8,317,084
Borrowings	–	209,827	–	209,827
	–	8,107,257	–	8,107,257
Derivative liabilities				
Foreign exchange related contracts	–	26,750,271	440,179	27,190,450
Interest rate related contracts	–	8,908,448	–	8,908,448
Equity and commodity related contracts	–	20,019,696	–	20,019,696
Credit related contracts	–	7,978	440,179	448,157
Netting effects under MFRS 132 Amendments	–	1,769	–	1,769
	–	(2,187,620)	–	(2,187,620)
	–	35,067,355	440,179	35,507,534



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54. 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 2023.

(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 2023	At 1 January 2023 RM'000	Other (losses)/ gains recognised in income statements*	Unrealised gains/ (losses) recognised in income statements#	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	At 31 December 2023 RM'000
Financial investments at fair value through profit or loss									
Unquoted securities	882,222	-	21,388	-	-	-	-	18	903,628
Financial investments at fair value through other comprehensive income									
Unquoted securities	406,133	(1,744)	-	137,299	-	-	-	96	541,784
Loans, advances and financing at fair value through profit or loss									
	1,668	-	-	-	-	-	(1,624)	(44)	-
Loans, advances and financing at fair value through other comprehensive income									
	30,016,341	-	-	161,966	13,582,998	-	(10,188,991)	1,401,903	34,974,217
Derivative assets									
Equity and commodity related contracts	440,179	336,576	(82,310)	-	269,942	(560,290)	-	-	404,097
Total Level 3 financial assets	31,746,543	334,832	(60,922)	299,265	13,852,940	(560,290)	(10,190,615)	1,401,973	36,823,726
Derivative liabilities									
Equity and commodity related contracts	(440,179)	(344,576)	83,052	-	(269,942)	567,548	-	-	(404,097)
Total Level 3 financial liabilities	(440,179)	(344,576)	83,052	-	(269,942)	567,548	-	-	(404,097)
Total net Level 3 financial assets/ (liabilities)	31,306,364	(9,744)	22,130	299,265	13,582,998	7,258	(10,190,615)	1,401,973	36,419,629

* Included within 'Other operating income', 'Writeback of/(allowances for) impairment losses on financial investments' and 'Income from Islamic Banking Scheme operations'.

Included within 'Other operating income' and 'Income from Islamic Banking Scheme operations'.

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54. 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 2022	At 1 January 2022 RM'000	Other (losses)/gains recognised in income statements* RM'000	Unrealised gains/ (losses) recognised in income statements# RM'000	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', 'Writeback of/(allowances for) impairment losses on financial investments' and 'Income from Islamic Banking Scheme operations'.

Included within 'Other operating income' and 'Income from Islamic Banking Scheme operations'.



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31 December 2023

54. 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 2023	At 1 January 2023 RM'000	Other (losses)/ gains recognised in income statements*	Unrealised gains/ (losses) recognised in income statements#	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	At 31 December 2023 RM'000
Financial investments at fair value through profit or loss									
Unquoted securities	715,908	-	17,417	-	-	-	-	-	733,325
Financial investments at fair value through other comprehensive income									
Unquoted securities	398,128	(826)	-	137,261	-	-	-	-	534,563
Loans, advances and financing at fair value through profit or loss									
	1,668	-	-	-	-	-	(1,624)	(44)	-
Loans, advances and financing at fair value through other comprehensive income									
	26,855,119	-	-	85,763	14,567,569	-	(7,593,493)	1,396,821	35,311,779
Derivative assets									
Equity and commodity related contracts	440,179	336,576	(82,310)	-	269,942	(560,290)	-	-	404,097
Total Level 3 financial assets	28,411,002	335,750	(64,893)	223,024	14,837,511	(560,290)	(7,595,117)	1,396,777	36,983,764
Derivative liabilities									
Equity and commodity related contracts	(440,179)	(344,576)	83,052	-	(269,942)	567,548	-	-	(404,097)
Total Level 3 financial liabilities	(440,179)	(344,576)	83,052	-	(269,942)	567,548	-	-	(404,097)
Total net Level 3 financial assets/(liabilities)	27,970,823	(8,826)	18,159	223,024	14,567,569	7,258	(7,595,117)	1,396,777	36,579,667

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

Included within 'Other operating income'.

Notes to the Financial Statements

31 December 2023

54. 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* RM'000	Unrealised gains/ (losses) recognised in income statements# RM'000	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 'Writeback of/(allowances for) impairment losses on financial investments'.

Included within 'Other operating income'.

There were no transfers into or out of Level 3 for the Group and the Bank during the financial year ended 31 December 2023.

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and financial liabilities in Level 3 of the fair value hierarchy.

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.



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31 December 2023

54. 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
2023					
Financial assets					
Deposits and placements with financial institutions	–	13,471,607	–	13,471,607	13,471,607
Financial investments at amortised cost	–	79,189,192	1,568,301	80,757,493	84,384,398
Loans, advances and financing to financial institutions	–	–	1,373,712	1,373,712	1,367,084
Loans, advances and financing to customers	–	235,839,263	391,407,031	627,246,294	594,080,737
Financial liabilities					
Customers' funding:					
– Deposits from customers	–	672,701,591	–	672,701,591	670,359,336
– Investment accounts of customers [^]	–	26,475,437	–	26,475,437	26,475,396
Deposits and placements from financial institutions	–	44,735,667	–	44,735,667	44,676,892
Borrowings	–	28,120,250	7,049,544	35,169,794	31,037,570
Subordinated obligations	–	9,911,323	–	9,911,323	10,145,549
Capital securities	–	2,797,669	–	2,797,669	2,829,802
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	543,865,250
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

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(l).

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54. 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
2023					
Financial assets					
Deposits and placements with financial institutions	-	27,639,111	-	27,639,111	27,639,111
Financial investments at amortised cost	-	62,848,677	-	62,848,677	65,738,592
Loans, advances and financing to financial institutions	-	-	42,957,303	42,957,303	42,950,675
Loans, advances and financing to customers	-	129,951,460	88,271,066	218,222,526	200,064,033
Financial liabilities					
Deposits from customers	-	300,506,656	-	300,506,656	299,676,139
Deposits and placements from financial institutions	-	58,315,154	-	58,315,154	58,221,783
Borrowings	-	26,859,140	-	26,859,140	22,785,069
Subordinated obligations	-	9,597,022	-	9,597,022	9,831,248
Capital securities	-	2,797,669	-	2,797,669	2,829,802
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

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.



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54. FAIR VALUE MEASUREMENTS (CONT'D.)

(g) Financial instruments not measured at fair value (cont'd.)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments (cont'd.):

(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.

55. 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:

- 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
- 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	
2023						
Financial assets						
Derivative assets	24,820,229	(3,172,675)	21,647,554	(14,985,727)	(1,538,946)	5,122,881
Other assets:						
Amount due from brokers and clients (Note 15)	14,671,905	(12,266,142)	2,405,763	–	–	2,405,763
Financial liabilities						
Derivative liabilities	28,255,630	(3,172,675)	25,082,955	(14,985,727)	(4,277,214)	5,820,014
Other liabilities:						
Amount due to brokers and clients (Note 26)	17,269,449	(12,266,142)	5,003,307	–	–	5,003,307
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 26)	17,410,958	(10,895,130)	6,515,828	–	–	6,515,828

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55. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows (cont'd.):

Bank	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	
2023						
Financial assets						
Derivative assets	24,570,615	(3,093,854)	21,476,761	(14,958,726)	(1,420,086)	5,097,949
Financial liabilities						
Derivative liabilities	27,648,027	(3,093,854)	24,554,173	(14,958,726)	(4,277,214)	5,318,233
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

56. CAPITAL AND OTHER COMMITMENTS

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Approved and contracted for	455,292	361,184	34,571	18,719
Approved but not contracted for	536,146	570,092	179,820	130,803
	991,438	931,276	214,391	149,522

57. 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.



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57. CAPITAL MANAGEMENT (CONT'D.)

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 15 December 2023, 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. The Group did not implement any DRP during the financial year.

58. 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") and Board 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 includes 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.

Supplementing the ICAAP reports is the Group Capital and Funding Plan, which is updated on an annual basis, where the internal capital targets are set and reviewed, among others as part of a sound capital management.

(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, Information Technology risk, cyber risk, regulatory risk, country risk, compliance risk, capital risk, profitability risk, Shariah non-compliance risk, information risk, conduct risk, workforce risk, data quality risk and ESG risk amongst others; and
- External factors, including changes in economic environment (i.e. emerging risk, regulations and accounting rules).

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 faced by 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 future.

Risks deemed "material" are reported to the GERC 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 letter reporting, stress testing, risk mitigation, capital planning and crisis management strategies.

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58. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”) (CONT’D.)

(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 lack of commonly accepted risk measurement techniques, expert judgement is used to determine the size and materiality of risk. The Group has also incorporated trending analysis (based on historical information) and 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 process;
- 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 within the risk and capital management process of the Group and is a key function of the capital 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 Stress Testing Policy, the potential unfavourable effects of stressed 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 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-wide 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;
- Additional stress test required by BNM – Periodic industry-wide stress tests (e.g. Overseas Operations Stress Test) organised by BNM where the scenarios are specified by the central bank;
- 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 2-3 years include US Recession with China Slowdown, 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, amongst others.

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.

59. 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 15 December 2023 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 18 December 2023. The total RWA are computed based on the following approaches:

- Credit risk under Internal Ratings-Based Approach and Standardised Approach;
- Market risk under Standardised Approach;
- Operational risk under Basic Indicator Approach; and
- Large exposure risk requirements.

On an entity level basis, the computation of capital adequacy ratios of the subsidiaries of the Group are as follows:

- 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 15 December 2023 and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 18 December 2023. The total RWA are computed based on the following approaches:
 - Credit risk under Internal Ratings-Based Approach and Standardised Approach;



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59. CAPITAL ADEQUACY (CONT'D.)

(a) Compliance and application of capital adequacy ratios (cont'd.)

On an entity level basis, the computation of capital adequacy ratios of the subsidiaries of the Group are as follows (cont'd.):

- (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 15 December 2023 and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 18 December 2023. The total RWA are computed based on the following approaches (cont'd.):

- (B) Market risk under Standardised Approach;
- (C) Operational risk under Basic Indicator Approach; and
- (D) Large exposure risk requirements.

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 2023 (2022: 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 15 December 2023 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 18 December 2023. The total RWA are computed based on the following approaches:

- (A) Credit risk under Standardised Approach;
- (B) Market risk under Standardised Approach;
- (C) Operational risk under Basic Indicator Approach; and
- (D) Large exposure risk requirements.

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 2023 (2022: 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 2023 is 9% up to less than 10% (2022: 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 22 July 2022) 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 2023 (2022: 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 2023, the Bank has declared a single-tier second interim cash dividend of 31.0 sen per ordinary share subsequent to financial year end.

In arriving at the capital adequacy ratios for the financial year ended 31 December 2023, the single-tier second interim cash dividend has not been deducted from the calculation of CET1 Capital.

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59. 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	
	2023	2022	2023	2022
CET1 Capital Ratio	16.191%	15.669%	15.701%	15.264%
Tier 1 Capital Ratio	16.845%	16.376%	16.417%	16.045%
Total Capital Ratio	19.404%	19.080%	18.844%	18.635%

(c) Components of capital:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CET1 Capital				
Share capital	54,673,596	54,619,344	54,673,596	54,619,344
Retained profits ¹	23,750,815	22,007,168	15,824,633	14,937,554
Other reserves ¹	7,873,697	1,349,642	7,384,668	3,018,421
Qualifying non-controlling interests	122,620	113,735	–	–
CET1 Capital before regulatory adjustments	86,420,728	78,089,889	77,882,897	72,575,319
Less: Regulatory adjustments applied on CET1 Capital	(15,038,723)	(14,065,528)	(38,398,518)	(37,380,391)
Deferred tax assets	(1,092,648)	(2,169,271)	(83,505)	(1,099,262)
Goodwill	(5,967,622)	(5,583,795)	(81,015)	(81,015)
Other intangibles	(1,224,188)	(993,569)	(462,281)	(344,781)
Gain on financial instruments classified as 'fair value through other comprehensive income'	(1,590,777)	(61,980)	(1,027,349)	(36,096)
Regulatory reserve	(2,473,192)	(2,465,059)	(1,829,556)	(1,549,033)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ²	(2,690,296)	(2,791,854)	(34,914,812)	(34,270,204)
Total CET1 Capital	71,382,005	64,024,361	39,484,379	35,194,928
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	84,973	90,601	–	–
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities	–	–	(1,000,000)	(1,000,000)
Total Tier 1 Capital	74,266,978	66,914,962	41,284,379	36,994,928
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	39,623	35,759	–	–
General provisions ³	378,234	273,100	110,946	36,059
Surplus of total eligible provision over total expected loss	1,857,137	1,730,272	1,092,736	1,028,820
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(691,000)	(691,000)	(4,799,793)	(4,791,418)
Total Tier 2 Capital	11,283,994	11,048,131	6,103,889	5,973,461
Total Capital	85,550,972	77,963,093	47,388,268	42,968,389

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 as at 31 December 2023 of RM1 (31 December 2022: 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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59. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Standardised Approach exposure	59,471,039	49,320,991	26,487,842	19,526,657
Internal Ratings-Based Approach exposure after scaling factor	309,522,834	288,378,632	182,122,733	171,470,054
Total RWA for credit risk	368,993,873	337,699,623	208,610,575	190,996,711
Total RWA for market risk	20,690,780	23,805,235	18,222,303	17,268,631
Total RWA for operational risk	50,280,489	47,103,833	23,836,121	22,310,241
Large exposure risk RWA for equity holdings	922,052	–	809,938	–
Total RWA	440,887,194	408,608,691	251,478,937	230,575,583

(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
2023				
CET1 Capital Ratio	14.303%	24.024%	–	14.466%
Tier 1 Capital Ratio	15.300%	24.024%	–	14.466%
Total Capital Ratio	17.824%	26.158%	27.744%	18.263%
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%

(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
2023				
Standardised Approach exposure	2,654,993	881,595	27,590,217	17,920,825
Internal Ratings-Based Approach exposure after scaling factor	101,660,571	–	–	33,159,590
Credit valuation adjustment	–	–	–	173,909
Total RWA for credit risk	104,315,564	881,595	27,590,217	51,254,324
Total RWA for credit risk absorbed by Maybank and Investment Account Holders*	(17,268,203)	–	–	–
Total RWA for market risk	1,035,378	463,255	1,105,143	120,820
Total RWA for operational risk	12,166,196	842,333	3,353,928	4,428,170
Large exposure risk RWA for equity holdings	–	112,114	–	–
Total RWA	100,248,935	2,299,297	32,049,288	55,803,314
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

* 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.

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60. 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.

The corresponding business segment results have been restated to align to current basis of allocation in between the segments.



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60. SEGMENT INFORMATION (CONT'D.)

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

Group 2023	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):							
– External	8,141,667	3,563,479	494,399	47	1,626,663	(1,034,733)	12,791,522
– Inter-segment	–	–	(116,829)	4,738	92,050	20,041	–
	8,141,667	3,563,479	377,570	4,785	1,718,713	(1,014,692)	12,791,522
Net interest income/(loss)	8,141,667	3,563,479	377,570	4,785	1,718,713	(1,014,692)	12,791,522
Income from IBS operations	5,375,479	2,095,016	65,891	–	–	40,809	7,577,195
Insurance/takaful service result	–	–	–	–	318,158	231,940	550,098
Other operating income	3,394,969	2,396,550	791,285	96,863	672,209	636,301	7,988,177
Total operating income/(loss)	16,912,115	8,055,045	1,234,746	101,648	2,709,080	(105,642)	28,906,992
Net insurance/takaful investment/finance result	–	–	–	–	(1,545,851)	–	(1,545,851)
Net operating income/(loss)	16,912,115	8,055,045	1,234,746	101,648	1,163,229	(105,642)	27,361,141
Overhead expenses	(9,646,277)	(2,278,738)	(1,062,501)	(97,007)	(304,277)	–	(13,388,800)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	7,265,838	5,776,307	172,245	4,641	858,952	(105,642)	13,972,341
Writeback of impairment losses on financial investments, net	12	54,073	–	–	126,478	–	180,563
Writeback of/(allowances for) impairment losses on other financial assets, net	5,862	(18,219)	(3,093)	1	(19,967)	–	(35,416)
Operating profit/(loss)	5,711,791	5,549,020	153,961	4,642	977,504	(105,642)	12,291,276
Share of profits in associates and joint ventures	2,657	236,907	761	–	–	–	240,325
Profit/(loss) before taxation and zakat	5,714,448	5,785,927	154,722	4,642	977,504	(105,642)	12,531,601
Taxation and zakat							(2,916,739)
Profit after taxation and zakat							9,614,862
Non-controlling interests							(265,082)
Profit for the financial year attributable to equity holders of the Bank							9,349,780
Included in other operating income are:							
Fee income:							
Commission	1,304,651	90,499	57,281	23,209	–	(230,790)	1,244,850
Service charges and fees	1,161,391	284,997	163,407	115,005	18,221	(5,129)	1,737,892
Underwriting fees	–	37,305	45,423	–	–	(4,911)	77,817
Brokerage income	1,163	–	276,778	–	–	–	277,941
Fees on loans, advances and financing	28,916	140,465	11,649	–	–	(5,800)	175,230
Fee income from IBS operations	449,301	117,850	60,055	–	–	2,678	629,884
Included in overhead expenses and insurance/takaful service result are:							
Depreciation of property, plant and equipment	(217,976)	(52,603)	(30,272)	(429)	(21,216)	–	(322,496)
Depreciation of right-of-use assets	(384,686)	(106,142)	(67,714)	(3,829)	(15,313)	–	(577,684)
Amortisation of intangible assets	(177,389)	(46,320)	(2,833)	(23)	(24,561)	–	(251,126)

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60. 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		
					Restated	Restated	Restated
Net interest income:							
– External	7,404,228	4,101,639	372,645	175	1,409,383	527,515	13,815,585
– Inter-segment	–	–	(49,441)	2,778	73,497	(26,834)	–
	7,404,228	4,101,639	323,204	2,953	1,482,880	500,681	13,815,585
Net interest income	7,404,228	4,101,639	323,204	2,953	1,482,880	500,681	13,815,585
Income from IBS operations	5,114,192	1,924,360	47,414	–	–	327,900	7,413,866
Insurance/takaful service result	–	–	–	–	(77,264)	288,956	211,692
Other operating income/(loss)	3,102,708	2,672,436	824,357	100,440	(1,348,422)	(748,348)	4,603,171
Total operating income	15,621,128	8,698,435	1,194,975	103,393	57,194	369,189	26,044,314
Net insurance/takaful investment/finance result	–	–	–	–	447,964	–	447,964
Net operating income	15,621,128	8,698,435	1,194,975	103,393	505,158	369,189	26,492,278
Overhead expenses	(8,539,771)	(2,104,046)	(1,012,585)	(72,984)	(244,806)	–	(11,974,192)
Operating profit before impairment losses	7,081,357	6,594,389	182,390	30,409	260,352	369,189	14,518,086
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(656,521)	(1,525,146)	3,200	102	(4,370)	–	(2,182,735)
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 and interest in associates, net	(57,624)	(16,808)	(1,238)	4	4,559	–	(71,107)
Operating profit	6,367,164	4,634,924	184,352	30,515	154,716	369,189	11,740,860
Share of (losses)/profits in associates and joint ventures	(24,990)	156,433	(593)	–	–	–	130,850
Profit before taxation and zakat	6,342,174	4,791,357	183,759	30,515	154,716	369,189	11,871,710
Taxation and zakat							(3,896,134)
Profit after taxation and zakat							7,975,576
Non-controlling interests							(15,050)
Profit for the financial year attributable to equity holders of the Bank							7,960,526
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	17,758	(6,650)	1,451,870
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 and insurance/takaful service result 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)



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60. 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 2023			
Malaysia	48,752,904	25,013,675	13,685,075
Singapore	13,012,872	4,804,829	2,318,004
Indonesia	4,247,637	2,758,032	776,446
Others	7,336,853	1,702,769	606,071
	73,350,266	34,279,305	17,385,596
Elimination*	(8,883,442)	(6,918,164)	(4,853,995)
Group	64,466,824	27,361,141	12,531,601
31 December 2022			
Malaysia	38,097,198	23,883,338	13,675,624
Singapore	8,236,069	4,391,618	1,662,852
Indonesia	3,754,424	2,635,955	730,058
Others	6,333,362	1,508,045	111,585
	56,421,053	32,418,956	16,180,119
Elimination*	(7,004,837)	(5,926,678)	(4,308,409)
Group	49,416,216	26,492,278	11,871,710

* Inter-segment revenues are eliminated on consolidation.

The total non-current and current assets based on geographical locations are as follows:

	Non-current assets ¹		Current assets ²	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000 Restated
Statement of financial position items:				
Malaysia	10,526,017	9,449,723	655,535,179	632,293,599
Singapore	1,139,410	1,096,203	307,829,080	260,961,675
Indonesia	346,852	179,534	50,449,024	44,863,538
Others	392,834	388,448	92,694,274	87,926,170
	12,405,113	11,113,908	1,106,507,557	1,026,044,982
Elimination ³	(77,861)	(59,047)	(91,160,190)	(88,969,760)
Group	12,327,252	11,054,861	1,015,347,367	937,075,222

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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61. SIGNIFICANT AND SUBSEQUENT EVENTS

There were no significant events during the financial year ended 31 December 2023.

The following are the significant events of the Group and of the Bank subsequent to the financial year ended 31 December 2023:

(a) Redemption of Tier 2 Subordinated Sukuk Murabahah of RM2.0 billion in nominal value pursuant to the Sukuk Programme of up to RM30.0 billion in nominal value by the Bank

On 31 January 2024, the Bank fully redeemed the RM2.0 billion Tier 2 Subordinated Sukuk Murabahah on its first call date. RM2.0 billion Tier 2 Subordinated Sukuk Murabahah was issued on 31 January 2019.

(b) Issuance of Tier 2 Subordinated Sukuk Murabahah of RM3.0 billion in nominal value under the Sukuk Programme

On 31 January 2024, the Bank has completed the issuance of RM3.0 billion Subordinated Sukuk Murabahah under the RM30.0 billion Sukuk Programme. Details of the issuance are as follows:

Maturity Date	Nominal Value	Description	Tenor
31 January 2034	RM3.0 billion	Tier 2 Subordinated Sukuk Murabahah (10 non-call 5)	10 years

(c) Acquisition of 20% equity interest in Maybank Asset Management Group Berhad ("MAMG") pursuant to the exercise of the put option

The Bank had on 19 October 2023 entered into a conditional share sale agreement with Permodalan Nasional Berhad ("PNB") in relation to the acquisition of 8,336,404 ordinary shares in Maybank Asset Management Group Berhad ("MAMG"), representing 20% of the total issued share capital of MAMG for a cash consideration of RM70,391,800 pursuant to the exercise of the put option granted by the Bank to PNB. The acquisition was completed on 23 February 2024.

(d) Issuance of 6,715,600 new ordinary shares pursuant to the ESGP

The share capital of the Bank increased from RM54,673,595,825 as at 31 December 2023 to RM54,736,195,010 as at 28 February 2024 via issuance of 6,715,600 new ordinary shares amounting to RM62,599,185 arising from the ESGP.

The issued ordinary shares of the Bank as at 28 February 2024 is 12,066,952,192 units.

62. INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF INSURANCE AND TAKAFUL BUSINESS

(a) Income statement

Group	Life Business		Family Takaful Business		General Takaful Business		General Business and Others		Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Operating revenue	2,455,443	316,513	2,889,274	2,028,536	3,090,589	2,737,558	4,449,319	3,363,103	12,884,625	8,445,710
Interest income	808,986	645,643	650,788	615,359	186,322	162,118	151,475	137,199	1,797,571	1,560,319
Interest expense	(20,372)	(19,145)	-	-	-	-	(58,486)	(58,294)	(78,858)	(77,439)
Net interest income	788,614	626,498	650,788	615,359	186,322	162,118	92,989	78,905	1,718,713	1,482,880
Insurance/takaful service result	111,633	(352,660)	(11,435)	(34,374)	93,235	154,051	124,725	155,719	318,158	(77,264)
Other operating income/(loss)	249,262	(1,122,995)	311,032	(289,604)	26,989	(12,592)	84,926	76,769	672,209	(1,348,422)
Total operating income/(loss)	1,149,509	(849,157)	950,385	291,381	306,546	303,577	302,640	311,393	2,709,080	57,194
Net insurance/takaful investment/finance result	(997,115)	515,709	(554,678)	(64,525)	96	32	5,846	(3,252)	(1,545,851)	447,964
Net operating income/(loss)	152,394	(333,448)	395,707	226,856	306,642	303,609	308,486	308,141	1,163,229	505,158
Overhead expenses	(59,046)	(17,636)	(18,846)	(16,912)	(22,374)	(18,135)	(198,114)	(156,238)	(298,380)	(208,921)
Operating profit/(loss) before impairment losses	93,348	(351,084)	376,861	209,944	284,268	285,474	110,372	151,903	864,849	296,237
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(1,117)	(5,610)	293	(285)	1	4	12,864	1,521	12,041	(4,370)
Writeback of/(allowances for) impairment losses on financial investments, net	126,946	(104,957)	(278)	(134)	(208)	(88)	18	(646)	126,478	(105,825)
Writeback of/(allowances for) impairment losses on other financial assets, net	1,263	1,680	(618)	(544)	(317)	(239)	(20,295)	3,662	(19,967)	4,559
Profit/(loss) before taxation and zakat	220,440	(459,971)	376,258	208,981	283,744	285,151	102,959	156,440	983,401	190,601
Taxation and zakat	(63,792)	(9,572)	(75,155)	(102,316)	(94,141)	(112,910)	(49,787)	(85,375)	(282,875)	(310,173)
Profit/(loss) for the financial year	156,648	(469,543)	301,103	106,665	189,603	172,241	53,172	71,065	700,526	(119,572)

The above audited statements of financial position have been prepared under MFRS 17 Insurance Contracts and the comparative restated.



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

(b) Statement of financial position

Group	Life Business		Family Takaful Business		General Takaful Business		General Business and Others*		Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Assets										
Cash and short-term funds	812,843	703,777	32,360	61,806	65,759	11,428	136,070	158,637	1,047,032	935,648
Deposits and placements with financial institutions	712,585	871,854	1,155,217	1,174,782	1,176,136	1,224,700	654,994	476,486	3,698,932	3,747,822
Financial assets designated upon initial recognition at fair value through profit or loss	6,751,895	6,486,343	6,528,658	6,196,994	13,723	18,895	30,231	35,436	13,324,507	12,737,668
Financial investments at fair value through profit or loss	6,978,270	4,956,731	913,165	620,073	134,258	143,632	580,176	499,151	8,605,869	6,219,587
Financial investments at fair value through other comprehensive income	8,182,945	9,174,065	7,259,005	6,758,073	3,519,871	3,013,680	1,721,609	1,648,359	20,683,430	20,594,177
Financial investments at amortised cost	-	-	-	-	-	-	45,998	39,624	45,998	39,624
Loans, advances and financing	23,173	34,572	10,172	11,181	647	422	70,085	57,060	104,077	103,235
Derivative assets	139,605	239,689	-	-	-	-	43	43	139,648	239,732
Insurance contract/takaful certificate assets	35,764	(120,754)	417	225,783	-	321,877	87,023	(350,119)	123,204	76,787
Reinsurance contract/retakaful certificate assets	2,480,357	1,843,232	278,644	509,410	289,678	1,100,867	2,650,153	4,122,713	5,698,832	7,576,222
Other assets	294,655	112,242	114,122	118,723	717	55,959	374,888	259,399	784,382	546,323
Investment properties	835,270	814,075	-	-	-	-	180,045	170,265	1,015,315	984,340
Statutory deposits with central banks	3,213	3,084	-	-	-	-	-	3,084	3,213	6,168
Interest in associates	-	-	-	-	-	-	-	152	-	152
Property, plant and equipment	95,701	92,049	228	200	62	82	71,657	63,418	167,648	155,749
Right-of-use assets	11,130	17,442	713	112	-	-	12,401	12,363	24,244	29,917
Intangible assets	56,924	61,251	11,012	7,969	1,641	1,803	85,674	83,887	155,251	154,910
Deferred tax assets	8,286	15,658	51,597	63,390	70,158	107,275	86,297	86,711	216,338	273,034
Total assets	27,422,616	25,305,310	16,355,310	15,748,496	5,272,650	6,000,620	6,787,344	7,366,669	55,837,920	54,421,095
Liabilities										
Derivative liabilities	9,562	20,821	-	-	-	-	70,480	21,288	80,042	42,109
Insurance contract/takaful certificate liabilities	23,896,836	22,122,660	13,247,304	12,115,712	3,136,983	3,176,722	4,216,428	5,082,377	44,497,551	42,497,471
Reinsurance contract/retakaful certificate liabilities	53,504	-	-	-	-	659,352	29,497	89,836	83,001	749,188
Other liabilities#	1,383,349	1,121,044	300,242	997,529	208,596	443,320	484,446	464,487	2,376,633	3,026,380
Provision for taxation and zakat	(18,306)	24,353	22,652	41,028	35,026	50,568	(21,603)	(18,888)	17,769	97,061
Deferred tax liabilities	467,011	136,327	26,081	3,561	16,801	18,821	50,417	37,652	560,310	196,361
Subordinated obligations	-	-	-	-	-	-	312,051	312,051	312,051	312,051
Total liabilities	25,791,956	23,425,205	13,596,279	13,157,830	3,397,406	4,348,783	5,141,716	5,988,803	47,927,357	46,920,621
Equity attributable to equity holders of the Subsidiaries										
Share capital	1,452,185	1,366,371	100,000	99,999	970,001	970,000	(1,861,321)	(1,775,505)	660,865	660,865
Other reserves	178,475	513,734	2,659,031	2,490,667	905,243	681,837	3,506,949	3,153,371	7,249,698	6,839,609
	1,630,660	1,880,105	2,759,031	2,590,666	1,875,244	1,651,837	1,645,628	1,377,866	7,910,563	7,500,474
Total liabilities and shareholders' equity	27,422,616	25,305,310	16,355,310	15,748,496	5,272,650	6,000,620	6,787,344	7,366,669	55,837,920	54,421,095

* Included inter-company transactions within insurance/takaful entities which are eliminated on consolidation at Group level.

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.

The above audited statements of financial position have been prepared under MFRS 17 Insurance Contracts and the comparative restated.

Notes to the Financial Statements

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63. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS")

(a) Statement of financial position

Group	Note	2023 RM'000	2022 RM'000
Assets			
Cash and short-term funds	(f)	7,813,136	15,094,889
Deposits and placements with financial institutions	(g)	2,801,850	5,329,880
Financial assets purchased under resale agreements	(h)	58,118	2,121,695
Financial investments at fair value through profit or loss	(i)	1,331,059	309,504
Financial investments at fair value through other comprehensive income	(j)	24,342,546	15,645,983
Financial investments at amortised cost	(k)	13,759,189	27,461,699
Financing and advances	(l)	228,807,155	214,379,623
Derivative assets	(m)	160,619	263,763
Other assets	(n)	4,044,371	5,971,596
Statutory deposits with central banks	(o)	3,621,143	3,505,736
Property, plant and equipment	(p)	199	341
Right-of-use assets	(q)	4,494	7,279
Deferred tax assets	(r)	79,648	288,433
Total assets		286,823,527	290,380,421
Liabilities			
Customers' funding:			
– Deposits from customers	(s)	210,698,979	209,783,463
– Investment accounts of customers ¹	(t)	27,354,337	25,637,702
Deposits and placements from financial institutions	(u)	17,488,615	23,593,505
Obligations on financial assets sold under repurchase agreements	(h)	-	461,081
Bills and acceptances payable		80,796	32,569
Derivative liabilities	(m)	309,093	384,674
Other liabilities	(v)	1,349,883	3,218,678
Provision for taxation and zakat	(w)	77,757	150,781
Term funding	(x)	10,932,227	9,421,202
Subordinated sukuk	(y)	2,021,893	2,021,893
Capital securities	(z)	1,002,347	1,002,347
Total liabilities		271,315,927	275,707,895
Islamic Banking Capital Funds			
Islamic Banking Funds	(d)	11,681,910	11,034,955
Retained profits	(d)	2,577,023	2,901,255
Other reserves		1,248,667	736,316
		15,507,600	14,672,526
Total liabilities and Islamic Banking Capital Funds		286,823,527	290,380,421
Restricted investment accounts managed by the Group	(t)	42,884,778	30,552,966
TOTAL ISLAMIC BANKING ASSETS OWNED AND MANAGED BY THE GROUP		329,708,305	320,933,387
Commitments and contingencies	(aj)	100,661,175	80,496,780

¹ Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(l).

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



Notes to the Financial Statements

31 December 2023

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

(b) Income statement

Group	Note	2023 RM'000	2022 RM'000
Income derived from investment of depositors' funds	(aa)	11,880,732	9,534,723
Income derived from investment of investment account funds	(ab)	1,163,306	1,092,610
Income derived from investment of Islamic Banking Funds	(ac)	717,315	542,853
Allowances for impairment losses on financing and advances, net	(ad)	(928,570)	(379,860)
Writeback of/(allowances for) impairment losses on financial investments, net	(ae)	13,939	(881)
Writeback of impairment losses on other financial assets, net	(af)	716	6,285
Total distributable income		12,847,438	10,795,730
Profit share income from investment accounts		190,604	191,943
Profit distributed to depositors	(ag)	(6,161,469)	(3,526,140)
Profit distributed to investment account holders		(434,604)	(353,015)
Total net income		6,441,969	7,108,518
Finance cost		(561,563)	(428,760)
Overhead expenses	(ah)	(2,711,366)	(2,138,682)
Profit before taxation and zakat		3,169,040	4,541,076
Taxation	(ai)	(719,163)	(1,476,501)
Zakat		(51,552)	(27,024)
Profit for the financial year		2,398,325	3,037,551

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	2023 RM'000	2022 RM'000
Income derived from investment of depositors' funds	11,880,732	9,534,723
Income derived from investment of investment account funds	1,163,306	1,092,610
Income derived from investment of Islamic Banking Funds	717,315	542,853
Total income before allowances for impairment losses on financial assets and overhead expenses	13,761,353	11,170,186
Profit share income from investment accounts	190,604	191,943
Profit distributed to depositors	(6,161,469)	(3,526,140)
Profit distributed to investment account holders	(434,604)	(353,015)
	7,355,884	7,482,974
Finance cost	(561,563)	(428,760)
Net of intercompany income and expenses	973,035	551,353
Profit share income from investment accounts funded by the Bank	(190,161)	(191,701)
Income from Islamic Banking Scheme operations reported in the income statement of the Group	7,577,195	7,413,866

(c) Statement of comprehensive income

Group	2023 RM'000	2022 RM'000
Profit for the financial year	2,398,325	3,037,551
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Net loss on foreign exchange translation	(2,569)	(140)
Net gain/(loss) on financial investments at fair value through other comprehensive income	789,994	(247,101)
– Net gain/(loss) from change in fair value	1,025,120	(329,549)
– Changes in expected credit losses	10,903	3,356
– Income tax effect	(246,029)	79,092
	787,425	(247,241)
Other comprehensive income/(loss) for the financial year, net of tax	787,425	(247,241)
Total comprehensive income for the financial year	3,185,750	2,790,310

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

Notes to the Financial Statements

31 December 2023

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

(d) Statement of changes in Islamic Banking Capital Funds

Group As at 31 December 2023	Islamic Banking Funds RM'000	Non-distributable				Distributable Retained Profits RM'000	Total 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 2023	11,034,955	904,654	(169,847)	(188)	1,697	2,901,255	14,672,526
Profit for the financial year	-	-	-	-	-	2,398,325	2,398,325
Other comprehensive income/(loss)	-	-	789,994	(2,569)	-	-	787,425
Net loss on foreign exchange translation	-	-	-	(2,569)	-	-	(2,569)
Net gain on financial investments at fair value through other comprehensive income	-	-	789,994	-	-	-	789,994
Total comprehensive income/(loss) for the financial year	-	-	789,994	(2,569)	-	2,398,325	3,185,750
Transfer to conventional banking operations	-	-	-	-	-	(199,141)	(199,141)
Transfer from regulatory reserve	-	(275,074)	-	-	-	275,074	-
Issue of ordinary shares	646,955	-	-	-	-	-	646,955
Dividends paid	-	-	-	-	-	(2,798,490)	(2,798,490)
At 31 December 2023	11,681,910	629,580	620,147	(2,757)	1,697	2,577,023	15,507,600

Group As at 31 December 2022	Islamic Banking Funds RM'000	Non-distributable				Distributable Retained Profits RM'000	Total 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

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

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



Notes to the Financial Statements

31 December 2023

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

(e) Statement of cash flows

Group	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	3,169,040	4,541,076
Adjustments for:		
Allowances for impairment losses on financing and advances, net	1,112,076	494,976
(Writeback of)/allowances for impairment losses on financial investments, net	(13,939)	881
Writeback of impairment losses on other financial assets, net	(716)	(6,285)
Amortisation of premiums, net	56,718	79,973
Unrealised gain on revaluation of derivatives	(39,010)	(1,075)
Unrealised (gain)/loss on revaluation of financial investments at fair value through profit or loss	(692)	1,305
Net gain on disposal of financial investments at fair value through profit or loss	(23,385)	(7,459)
Net gain on disposal of financial investments through other comprehensive income	(146,852)	(23,200)
Gain on foreign exchange transactions	(351,081)	(102,433)
Depreciation of property, plant and equipment	147	277
Depreciation of right-of-use assets	3,228	3,150
ESGP expenses	2,070	2,703
Finance cost	561,563	428,760
Finance cost on lease liabilities	162	239
Operating profit before working capital changes	4,329,329	5,412,888
Change in deposits and placements with financial institutions	5,329,880	(2,329,723)
Change in financial assets purchased under resale agreements	2,064,293	8,305,339
Change in financing and advances	(24,060,486)	(23,533,608)
Change in derivative assets and liabilities	66,574	61,860
Change in other assets	2,274,123	(436,895)
Change in statutory deposits with central banks	(115,407)	(3,485,289)
Change in deposits from customers	915,515	30,268,548
Change in deposits and placements from financial institutions	6,350,002	136,712
Change in investment accounts of customers	1,944,875	(3,289,134)
Change in obligations on financial assets sold under repurchase agreements	(461,081)	461,081
Change in bills and acceptances payable	48,227	13,007
Change in financial investments portfolio	1,337,632	(4,340,464)
Change in other liabilities	(1,867,906)	1,029,149
Cash generated from operations	(1,844,430)	8,273,471
Taxes and zakat paid	(1,231,032)	(1,238,822)
Net cash (used in)/generated from operating activities	(3,075,462)	7,034,649
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(151)
Net cash used in investing activities	-	(151)
Cash flows from financing activities		
Dividends paid	(2,798,490)	(2,841,125)
Dividends paid for subordinated sukuk	(74,000)	(73,921)
Dividends paid for term funding	(428,938)	(307,329)
Dividends paid for capital securities	(47,600)	(49,500)
Proceeds from issuance of ordinary shares	646,955	707,581
Repayment of term funding	1,500,000	(1,500,000)
Funds transferred to holding company	(199,141)	-
Repayment of lease liabilities	(3,227)	(3,002)
Net cash used in financing activities	(1,404,441)	(4,067,296)
Net (decrease)/increase in cash and cash equivalents	(4,479,903)	2,967,202
Cash and cash equivalents at 1 January	15,094,889	12,127,687
Cash and cash equivalents at 31 December	10,614,986	15,094,889
Cash and cash equivalents comprise:		
Cash and short-term funds (Note 63(f))	7,813,136	15,094,889
Deposits and placements with financial institutions (Note 63(g))	2,801,850	5,329,880
	10,614,986	20,424,769
Less:		
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	-	(5,329,880)
Cash and cash equivalents at 31 December	10,614,986	15,094,889

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

Notes to the Financial Statements

31 December 2023

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

(f) Cash and short-term funds

Group	2023 RM'000	2022 RM'000
Cash, bank balances and deposits with financial institutions	1,628	2,333
Money at call	7,811,508	15,092,556
	7,813,136	15,094,889

(g) Deposits and placements with financial institutions

Group	2023 RM'000	2022 RM'000
Licensed banks	2,801,850	4,000,657
Bank Negara Malaysia	–	1,329,223
	2,801,850	5,329,880

(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	2023 RM'000	2022 RM'000
Malaysian Government Investment Issues		58,198	2,122,491
Allowances for impairment losses	(a)	(80)	(796)
		58,118	2,121,695

(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 2023

Changes in the financial assets purchased under resale agreements that contributed to changes in the loss allowances during the financial year ended 31 December 2023 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 2023	796	–	–	796
New financial assets originated or purchased	80	–	–	80
Financial assets derecognised	(796)	–	–	(796)
At 31 December 2023	80	–	–	80



Notes to the Financial Statements

31 December 2023

63. 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 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	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	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

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

Group	Note	2023 RM'000	2022 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	2023 RM'000	2022 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	378,487	–
Bank Negara Malaysia Monetary Notes	713,291	–
Cagamas Sukuk	30,009	–
	1,121,787	–
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	126,293	–
Outside Malaysia:		
Corporate Sukuk	82,979	309,504
Total financial investments at FVTPL	1,331,059	309,504

Notes to the Financial Statements

31 December 2023

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

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

Group	Note	2023 RM'000	2022 RM'000
At fair value			
Money market instruments:			
Malaysian Government Investment Issues		16,320,593	12,457,878
Bank Negara Malaysia Monetary Notes		584,212	–
		16,904,805	12,457,878
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(i)	7,436,491	3,186,855
Equity		1,250	1,250
		7,437,741	3,188,105
Total financial investments at FVOCI		24,342,546	15,645,983

(i) As at 31 December 2023, the Corporate Sukuk funded by RPSIA amounting to RM940.9 million (2022: RM537.8 million) was recorded off-balance sheet under the operations of IBS.

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

Group	2023 RM'000	2022 RM'000
Within one year	808,618	3,220,412
One year to three years	172,771	512,126
Three years to five years	1,451,415	1,223,262
After five years	14,472,001	7,502,078
	16,904,805	12,457,878

(iii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows:

As at 31 December 2023

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 2023 were mainly due to the following:

- The overall increase in the gross carrying amount of financial investments at FVOCI was mainly contributed by Government Investment Issues ("GII") and Corporate Sukuk. GII and Corporate Sukuk mainly includes Government Guaranteed securities which did not attract impact to ECL allowances; and
- The decrease in ECL for Stage 2 was due to derecognition of financial assets which correspondingly decreased the ECL allowances.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2023	607	1,414	–	2,021
Net remeasurement of allowances	(533)	–	–	(533)
New financial assets originated or purchased	343	–	–	343
Financial assets derecognised	(31)	(1,414)	–	(1,445)
Changes in models/risk parameters	(7)	–	–	(7)
Exchange differences	1	–	–	1
At 31 December 2023	380	–	–	380



Notes to the Financial Statements

31 December 2023

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

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

(iii) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows (cont'd.):

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 FVOCI was mainly contributed by GII 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

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

Group	2023 RM'000	2022 RM'000
Malaysian Government Investment Issues	–	461,081

(k) Financial investments at amortised cost

Group	Note	2023 RM'000	2022 RM'000
At amortised cost			
Money market instruments:			
Malaysian Government Investment Issues		9,260,073	15,437,414
Khazanah Sukuk		562,011	545,883
Cagamas Sukuk		–	125,468
		9,822,084	16,108,765
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(i)	3,955,924	11,384,050
Allowances for impairment losses	(iii)	(18,819)	(31,116)
Total financial investments at amortised cost		13,759,189	27,461,699

Notes to the Financial Statements

31 December 2023

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

(k) Financial investments at amortised cost (cont'd.)

- (i) As at 31 December 2023, the Corporate Sukuk funded by RPSIA amounting to RM7,357.8 million (2022: RM4,164.2 million) was recorded off-balance sheet under the operations of IBS.
- (ii) The maturity profile of money market instruments are as follows:

Group	2023 RM'000	2022 RM'000
Within one year	808,247	611,866
One year to three years	603,712	648,051
Three years to five years	2,107,795	19,584
After five years	6,302,330	14,829,264
	9,822,084	16,108,765

- (iii) 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 2023

Changes in the financial investments at amortised cost that contributed to the changes in the loss allowances during the financial year ended 31 December 2023 were mainly due to the following:

- The decrease in the gross carrying amount of financial investments at amortised cost was contributed by Corporate Sukuk, due to decrease in the net remeasurement of allowances which correspondingly decreased the ECL allowances; and
- The increase in the ECL for Stage 3 was due to deterioration in credit risk which correspondingly increase the net remeasurement of allowances.

Group	Stage 1	Stage 2	Stage 3	Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2023	30,266	850	–	31,116
Transferred to Stage 3	–	(850)	850	–
Net remeasurement of allowances	(28,117)	–	15,891	(12,226)
New financial assets originated or purchased	66	–	–	66
Financial assets derecognised	(873)	–	–	(873)
Changes in models/risk parameters	736	–	–	736
At 31 December 2023	2,078	–	16,741	18,819



Notes to the Financial Statements

31 December 2023

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

(k) Financial investments at amortised cost (cont'd.)

(iii) 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 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 at 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

(l) Financing and advances

Group	2023 RM'000	2022 RM'000
Financing and advances*:		
(A) Financing and advances at fair value through other comprehensive income	1,491,790	3,141,460
(B) Financing and advances at amortised cost	289,328,434	280,573,323
	290,820,224	283,714,783
Unearned income	(58,938,346)	(66,345,579)
Gross financing and advances	231,881,878	217,369,204
Allowances for financing and advances:		
– Stage 1 – 12-month ECL	(548,816)	(442,735)
– Stage 2 – Lifetime ECL not credit impaired	(1,423,854)	(1,309,534)
– Stage 3 – Lifetime ECL credit impaired	(1,102,053)	(1,237,312)
Net financing and advances	228,807,155	214,379,623

* As at 31 December 2023, the financing and advances funded by RPSIA amounting to RM34,308.6 million (2022: RM25,882.8 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 2023 was RM27,354.3 million (2022: RM25,637.7 million).

Notes to the Financial Statements

31 December 2023

63. 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
2023							
Cashline	-	7,068,707	-	-	-	-	7,068,707
Term financing:							
- Housing financing	10,805,361	97,680,534	1,397,371	-	-	590	109,883,856
- Syndicated financing	-	5,213,306	-	-	-	-	5,213,306
- Hire purchase receivables	-	14,063,247	-	47,001,375	-	-	61,064,622
- Lease receivables	-	-	-	-	2,548,038	-	2,548,038
- Other term financing	4,645,909	82,088,431	402,904	-	-	41,582	87,178,826
Bills receivables	-	-	-	-	-	52	52
Trust receipts	-	212,698	-	-	-	-	212,698
Claims on customers under acceptance credits	-	7,786,061	-	-	-	-	7,786,061
Staff financing	234,631	2,894,181	5,608	141,127	-	48,654	3,324,201
Credit card receivables	-	-	-	-	-	2,158,462	2,158,462
Revolving credit	-	4,340,427	-	-	-	-	4,340,427
Share margin financing	-	38,482	-	-	-	-	38,482
Financing to:							
- Directors of the Bank	-	1,631	-	186	-	84	1,901
- Directors of subsidiaries	-	348	-	237	-	-	585
	15,685,901	221,388,053	1,805,883	47,142,925	2,548,038	2,249,424	290,820,224
Unearned income							(58,938,346)
Gross financing and advances ⁴							231,881,878
Allowances for financing and advances:							
- Stage 1 – 12-month ECL							(548,816)
- Stage 2 – Lifetime ECL not credit impaired							(1,423,854)
- Stage 3 – Lifetime ECL credit impaired							(1,102,053)
Net financing and advances							228,807,155

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 2023

63. 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
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 2023

63. 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	2023 RM'000	2022 RM'000
Domestic non-banking institutions	5,074,447	5,070,402
Domestic business enterprises:		
– Small and medium enterprises	44,525,336	36,949,925
– Others	16,548,233	19,948,088
Government and statutory bodies	116,470	3,024,602
Individuals	163,584,593	150,215,905
Other domestic entities	157,160	112,416
Foreign entities	1,875,639	2,047,866
Gross financing and advances	231,881,878	217,369,204

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

Group	2023 RM'000	2022 RM'000
Fixed rate:		
– House financing	1,618,028	1,678,831
– Hire purchase receivables	42,032,224	37,177,565
– Other financing	11,120,924	16,285,363
	54,771,176	55,141,759
Floating rate:		
– House financing	78,113,967	66,675,784
– Other financing	98,996,735	95,551,661
	177,110,702	162,227,445
Gross financing and advances	231,881,878	217,369,204

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

Group	2023 RM'000	2022 RM'000
Purchase of securities	22,391,172	26,491,247
Purchase of transport vehicles	54,676,294	49,567,413
Purchase of landed properties:		
– Residential	82,158,475	69,603,629
– Non-residential	20,653,905	18,016,280
Purchase of fixed assets (exclude landed properties)	294,376	267,159
Personal use	3,674,884	3,198,911
Purchase of consumer durables	584	475
Constructions	2,418,548	2,379,126
Mergers and acquisitions	–	460,000
Working capital	43,388,891	45,556,016
Credit cards	2,224,749	1,828,948
Gross financing and advances	231,881,878	217,369,204



Notes to the Financial Statements

31 December 2023

63. 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	2023 RM'000	2022 RM'000
Within one year	23,900,036	24,619,767
One year to three years	8,916,511	7,994,328
Three years to five years	19,117,586	19,579,563
After five years	179,947,745	165,175,546
Gross financing and advances	231,881,878	217,369,204

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

Group	2023 RM'000	2022 RM'000
At 1 January	2,061,080	1,492,756
Newly impaired	1,605,365	1,237,425
Reclassified as non-impaired	(56,988)	(65,139)
Amount recovered	(99,115)	(223,830)
Amount written off	(1,060,045)	(380,132)
Gross impaired financing at 31 December	2,450,297	2,061,080
Less: Stage 3 – Lifetime ECL credit impaired	(1,102,053)	(1,237,312)
Net impaired financing at 31 December	1,348,244	823,768
<u>Calculation of ratio of net impaired financing (excluding financing funded by IA):</u>		
Gross impaired financing at 31 December	2,323,152	2,001,463
Less: Stage 3 – Lifetime ECL credit impaired	(1,102,053)	(1,237,312)
Net impaired financing at 31 December	1,221,099	764,151
Gross financing and advances	204,527,541	191,731,502
Less: Allowances for impaired financing and advances at amortised cost and FVOCI	(3,094,536)	(2,996,850)
Net financing and advances	201,433,005	188,734,652
Net impaired financing as a percentage of net financing and advances	0.61%	0.40%

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

Group	2023 RM'000	2022 RM'000
Purchase of securities	12,098	7,462
Purchase of transport vehicles	222,367	129,899
Purchase of landed properties:		
– Residential	357,454	256,992
– Non-residential	325,396	187,865
Purchase of fixed assets (exclude landed properties)	2,154	2,720
Personal use	407,599	32,286
Purchase of consumer durables	1	2
Constructions	224,916	204,506
Working capital	883,749	1,228,537
Credit cards	14,563	10,811
Impaired financing and advances	2,450,297	2,061,080

Notes to the Financial Statements

31 December 2023

63. 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 2023

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 2023 were mainly due to the following:

- Gross carrying amount grew primarily from retail hire purchase receivables and house financing by 11% and 9% respectively;
- The ECL for Stage 1 (12-month ECL) increased by RM105.2 million in tandem with higher growth in financing and advances and accounts migrated into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement;
- The ECL for Stage 2 (lifetime ECL not credit impaired) increased by RM127.7 million primarily due to accounts migrated to Stage 2 which was offset by financing and advances that were fully repaid or having movement in the existing balances during the financial year, and accounts migrated to Stage 3 due to deterioration in credit quality; and
- The ECL for Stage 3 (lifetime ECL credit impaired) decreased by RM135.3 million primarily due to significant financing and advances written off during the year, which is still subject to recovery activity amounting to RM1,060.0 million (2022: RM380.1 million). This is offset by RM1,605.4 million of the Bank’s financing and advances that were transferred into Stage 3 due to credit quality deterioration.

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 2023	7,269	–	–	7,269
Transferred to Stage 2	(3,186)	3,186	–	–
Net remeasurement of allowances	–	10,203	–	10,203
New financial assets originated or purchased	1,827	–	–	1,827
Financial assets derecognised	(371)	–	–	(371)
Changes in models/risk parameters	873	–	–	873
Exchange differences	12	–	–	12
At 31 December 2023	6,424	13,389	–	19,813

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 2023	442,735	1,309,534	1,237,312	2,989,581
Transferred to Stage 1	114,366	(108,573)	(5,793)	–
Transferred to Stage 2	(31,198)	46,414	(15,216)	–
Transferred to Stage 3	(8,799)	(98,770)	107,569	–
Net remeasurement of allowances	41,988	299,978	803,183	1,145,149
New financial assets originated or purchased	134,253	71,265	–	205,518
Financial assets derecognised	(67,846)	(58,074)	25,299	(100,621)
Changes in models/risk parameters	(77,070)	(38,031)	(10,877)	(125,978)
Amount written off	–	–	(1,060,045)	(1,060,045)
Exchange differences	387	111	20,621	21,119
At 31 December 2023	548,816	1,423,854	1,102,053	3,074,723



Notes to the Financial Statements

31 December 2023

63. 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 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

Notes to the Financial Statements

31 December 2023

63. 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 purposes.

Group	2023			2022		
	Principal amount RM'000	<----- Fair Values ----->		Principal amount RM'000	<----- Fair Values ----->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forward:						
– Less than one year	8,006,888	38,165	(97,359)	7,169,578	16,622	(220,596)
– One year to three years	1,214,410	17,595	(17,595)	735,487	1,847	(1,847)
– More than three years	2,211,892	16,097	(16,097)	2,396,107	31,628	(31,628)
Currency swaps:						
– Less than one year	23,968,277	75,316	(163,348)	9,208,639	185,047	(83,280)
Currency spots:						
– Less than one year	261,522	140	(313)	193,731	4,446	(257)
Currency options:						
– Less than one year	20,271	53	(53)	4,348	10	(10)
Cross currency profit rate swaps:						
– Less than one year	–	–	–	5,064	225	(225)
– One year to three years	–	–	–	7,225	283	(283)
– More than three years	425,504	12,896	(14,049)	416,486	2,790	(2,790)
	36,108,764	160,262	(308,814)	20,136,665	242,898	(340,916)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
– Less than one year	–	–	–	3,012,000	18,501	(18,501)
– One year to three years	37,321	164	(164)	65,437	494	(494)
– More than three years	220,000	193	(115)	220,000	1,870	(1,780)
	257,321	357	(279)	3,297,437	20,865	(20,775)
	36,366,085	160,619	(309,093)	23,434,102	263,763	(361,691)
Hedging derivatives						
<u>Profit rate related contracts</u>						
Profit rate swaps:						
– More than three years	–	–	–	1,635,000	–	(22,983)
Total	36,366,085	160,619	(309,093)	25,069,102	263,763	(384,674)



Notes to the Financial Statements

31 December 2023

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

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

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 protect against changes 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.

During the financial year ended 31 December 2023, the Group has discontinued a number of hedge relationships between the hedged items and hedging instruments due to change in risk management objective resulting from the implementation of the GIMF.

A total loss of RM1,578,592 has been amortised in the profit or loss during the financial year with the remaining unamortised fair value hedge adjustment being RM34,591,749 which will be amortised over the average remaining maturity of the financial assets.

For the financial year ended 31 December 2023, the Group recognised the following net (loss)/gain:

Group	2023 RM'000	2022 RM'000
Loss on the hedging instruments	(21,671)	(21,838)
Gain on the hedged items attributable to the hedged risk	34,592	20,474

(n) Other assets

Group	2023 RM'000	2022 RM'000
Amount due from holding company	2,848,949	4,194,459
Prepayment and deposits	15,407	15,006
Tax recoverable	350,050	-
Other debtors	829,965	1,762,131
	4,044,371	5,971,596

(o) Statutory deposits with central bank

The non-profit bearing statutory deposits 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 2023				
Cost				
At 1 January 2023	1,037	295	379	1,711
Exchange differences	16	5	6	27
At 31 December 2023	1,053	300	385	1,738
Accumulated depreciation				
At 1 January 2023	1,017	94	259	1,370
Depreciation charge for the financial year (Note 63(ah))	10	60	77	147
Exchange differences	16	2	4	22
At 31 December 2023	1,043	156	340	1,539
Net carrying amount				
At 31 December 2023	10	144	45	199

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31 December 2023

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

(p) Property, plant and equipment (cont'd.)

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	401	1,652
Additions	–	151	–	151
Exchange differences	(62)	(8)	(22)	(92)
At 31 December 2022	1,037	295	379	1,711
Accumulated depreciation				
At 1 January 2022	846	66	194	1,106
Depreciation charge for the financial year (Note 63(ah))	182	28	67	277
Exchange differences	(11)	–	(2)	(13)
At 31 December 2022	1,017	94	259	1,370
Net carrying amount				
At 31 December 2022	20	201	120	341

(q) Right-of-use assets

Group	Premises	
	2023 RM'000	2022 RM'000
Cost		
At 1 January	14,242	13,350
Additions	303	4,603
Termination	(1,289)	(3,313)
Modification	–	(396)
Exchange differences	138	(2)
At 31 December	13,394	14,242
Accumulated depreciation		
At 1 January	6,963	7,224
Depreciation charge for the financial year (Note 63(ah))	3,228	3,150
Termination	(1,289)	(3,313)
Modification	–	(99)
Exchange differences	(2)	1
At 31 December	8,900	6,963
Net carrying amount		
At 31 December	4,494	7,279



Notes to the Financial Statements

31 December 2023

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

(r) Deferred tax

Group	2023 RM'000	2022 RM'000
At 1 January	(288,433)	(190,616)
Recognised in income statement (Note 63(ai))	(37,244)	(18,725)
Relating to origination and reversal of temporary differences	(37,244)	(18,725)
Recognised in statement of other comprehensive income	246,029	(79,092)
At 31 December	(79,648)	(288,433)

Presented after appropriate offsetting as follows:

Group	2023 RM'000	2022 RM'000
Deferred tax assets	(269,142)	(288,465)
Deferred tax liabilities	189,494	32
At 31 December	(79,648)	(288,433)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The 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	Unutilised ICBU business losses RM'000	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 2023					
At 1 January 2023	–	(207,372)	(56,567)	(24,526)	(288,465)
Recognised in income statement:					
Relating to origination and reversal of temporary differences	(11,859)	(34,534)	–	9,150	(37,243)
Recognised in statement of other comprehensive income	–	–	56,566	–	56,566
At 31 December 2023	(11,859)	(241,906)	(1)	(15,376)	(269,142)
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)

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31 December 2023

63. 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 (cont'd.):

Deferred tax liabilities of the Group:

Group	FVOCI reserve RM'000	Unabsorbed capital allowances RM'000	Total RM'000
As at 31 December 2023			
At 1 January 2023	–	32	32
Recognised in income statement:			
Relating to origination and reversal of temporary differences	–	(1)	(1)
Recognised in statement of other comprehensive income	189,463	–	189,463
At 31 December 2023	189,463	31	189,494
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 other comprehensive income	(22,525)	–	(22,525)
At 31 December 2022	–	32	32

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	2023 RM'000	2022 RM'000
Savings deposits		
Murabahah	27,898,298	27,711,469
Qard	537,261	601,896
	28,435,559	28,313,365
Demand deposits		
Murabahah	38,688,322	37,422,903
Qard	497,776	1,381,375
	39,186,098	38,804,278
Term deposits		
Murabahah	142,778,570	142,073,732
Qard	298,752	592,088
	143,077,322	142,665,820
Total deposits from customers	210,698,979	209,783,463



Notes to the Financial Statements

31 December 2023

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

(s) Deposits from customers (cont'd.)

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

Group	2023 RM'000	2022 RM'000
Within six months	130,681,313	131,862,405
Six months to one year	12,265,164	10,616,600
One year to three years	118,555	166,746
Three years to five years	12,290	20,069
	143,077,322	142,665,820

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

Group	2023 RM'000	2022 RM'000
Business enterprises	88,595,093	76,896,558
Individuals	62,192,971	59,602,414
Government and statutory bodies	32,383,000	38,164,258
Others	27,527,915	35,120,233
	210,698,979	209,783,463

(t) Investment accounts

Group	2023 RM'000	2022 RM'000
Investment accounts of customers		
– Unrestricted investment accounts	27,354,337	25,637,702
Restricted investment accounts managed by the Group ¹	42,884,778	30,552,966

The unrestricted investment accounts (net of intercompany balances) was RM26,475.4 million (2022: RM24,501.0 million) as reported in the Group's statements of financial position.

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

Group	Unrestricted investment accounts			Restricted investment accounts managed by the Group ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
2023				
Funding inflows/(outflows)				
At 1 January 2023	25,637,702	–	25,637,702	30,552,966
New placements during the financial year	61,539,566	250,000	61,789,566	23,493,865
Redemptions during the financial year	(60,071,737)	–	(60,071,737)	(11,329,348)
Changes in profit payable	(1,748)	554	(1,194)	167,295
At 31 December 2023	27,103,783	250,554	27,354,337	42,884,778

Notes to the Financial Statements

31 December 2023

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

(t) Investment accounts (cont'd.)

(i) Movements in the investment accounts are as follows (cont'd.):

Group	Unrestricted investment accounts			Restricted investment accounts managed by the Group ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
2022				
Funding inflows/(outflows)				
At 1 January 2022	28,720,799	–	28,720,799	30,147,795
New placements during the financial year	49,620,821	–	49,620,821	9,223,147
Redemptions during the financial year	(52,706,322)	–	(52,706,322)	(8,935,976)
Changes in profit payable	2,404	–	2,404	118,000
At 31 December 2022	25,637,702	–	25,637,702	30,552,966

(ii) Investment accounts are sourced from the following type of customers:

Group	Unrestricted investment accounts			Restricted investment accounts managed by the Group ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
2023				
Business enterprises	14,795,428	–	14,795,428	–
Individuals	10,344,687	–	10,344,687	–
Government and statutory bodies	322,997	–	322,997	–
Licensed banks	–	–	–	42,226,738
Others	1,640,671	250,554	1,891,225	658,040
	27,103,783	250,554	27,354,337	42,884,778
2022				
Business enterprises	13,389,602	–	13,389,602	–
Individuals	10,342,032	–	10,342,032	–
Government and statutory bodies	246,938	–	246,938	–
Licensed banks	–	–	–	30,123,166
Others	1,659,130	–	1,659,130	429,800
	25,637,702	–	25,637,702	30,552,966



Notes to the Financial Statements

31 December 2023

63. 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			Restricted investment accounts managed by the Group ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
2023				
– Without maturity	23,437,559	–	23,437,559	–
– With maturity				
Within six months	2,558,744	190,510	2,749,254	12,974,987
Six months to one year	1,073,409	60,044	1,133,453	163,298
One year to three years	30,557	–	30,557	6,470,699
Three years to five years	3,514	–	3,514	23,275,794
	3,666,224	250,554	3,916,778	42,884,778
	27,103,783	250,554	27,354,337	42,884,778
2022				
– Without maturity	21,160,119	–	21,160,119	–
– With maturity				
Within six months	3,055,394	–	3,055,394	10,280,098
Six months to one year	1,403,496	–	1,403,496	30,109
One year to three years	13,924	–	13,924	3,995,512
Three years to five years	4,769	–	4,769	16,247,247
	4,477,583	–	4,477,583	30,552,966
	25,637,702	–	25,637,702	30,552,966

(iv) The allocation of investments asset are as follows:

Group	Unrestricted investment accounts			Restricted investment accounts managed by the Group ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
2023				
Retail financing	26,103,783	250,554	26,354,337	–
Non-retail financing	1,000,000	–	1,000,000	34,496,355
Corporate Sukuk	–	–	–	8,388,423
	27,103,783	250,554	27,354,337	42,884,778
2022				
Retail financing	23,987,702	–	23,987,702	–
Non-retail financing	1,650,000	–	1,650,000	25,955,010
Corporate Sukuk	–	–	–	4,597,956
	25,637,702	–	25,637,702	30,552,966

Notes to the Financial Statements

31 December 2023

63. 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 %
2023		
Investment accounts of customers		
– Unrestricted investment accounts		
– Mudharabah ²	38.18	1.61
– Wakalah	–	4.11
Restricted investment accounts managed by the Group ¹	79.41	4.17
2022		
Investment accounts of customers		
– Unrestricted investment accounts		
– Mudharabah ²	32.04	2.58
– Wakalah	–	–
Restricted investment accounts managed by the Group ¹	76.29	4.60

¹ 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 RM42,226.7 million and RM658.0 million (2022: RM30,123.2 million and RM429.8 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.

² The total funds invested in Multi-Asset Investment Account-i ("MAIA") product was RM121.1 million (2022: RM122.7 million) of which RM0.7 million (2022: RM59.6 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 RM120.4 million (2022: RM63.1 million) managed by a subsidiary of the Bank as part of its investment management activities and are recorded as off-balance sheet.

(u) Deposits and placements from financial institutions

Group	2023 RM'000	2022 RM'000
Non-Mudharabah Fund		
Licensed banks	16,296,503	22,046,315
Licensed Islamic banks	399,757	99,226
Licensed investment banks	59,879	300,735
Other financial institutions	732,476	1,147,229
	17,488,615	23,593,505

(v) Other liabilities

Group	Note	2023 RM'000	2022 RM'000
Due to holding company		48,824	561,210
Other creditors, provisions and accruals		1,179,339	2,498,461
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	107,173	137,937
Lease liabilities	(ii)	3,539	6,622
Structured deposits		11,008	14,448
		1,349,883	3,218,678



Notes to the Financial Statements

31 December 2023

63. 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 2023				
At 1 January 2023	33,241	11,552	93,144	137,937
Transferred to Stage 1	679	(679)	–	–
Transferred to Stage 2	(941)	1,156	(215)	–
Transferred to Stage 3	(8)	–	8	–
Net remeasurement of allowances	(2,404)	(1,366)	67,382	63,612
New credit exposures originated or purchased	25,568	5,533	–	31,101
Credit exposures derecognised	(25,658)	(7,478)	(91,587)	(124,723)
Changes in models/risk parameters	(802)	–	–	(802)
Exchange differences	38	10	–	48
At 31 December 2023	29,713	8,728	68,732	107,173
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

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

Group	2023 RM'000	2022 RM'000
At 1 January	6,622	5,957
New lease contracts	232	3,336
Termination	(354)	–
Finance cost on lease liabilities	162	239
Lease obligation reduction	(3,227)	(3,002)
Modification	–	91
Exchange differences	104	1
At 31 December	3,539	6,622

Notes to the Financial Statements

31 December 2023

63. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)**(w) Provision for taxation and zakat**

Group	2023 RM'000	2022 RM'000
Taxation	13,818	117,819
Zakat	63,939	32,962
	77,757	150,781

(x) Term funding

Group	2023 RM'000	2022 RM'000
Unsecured term funding:		
(i) Commercial Papers		
– Less than one year	7,894,346	6,413,953
(ii) Medium Term Notes		
– More than one year	2,003,322	2,003,796
(iii) Term funding		
– More than one year ¹	1,034,559	1,003,453
Total term funding	10,932,227	9,421,202

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 2023:

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 2023 are as follows:

Currency	Description	Aggregated Nominal Value (RM' million)
RM	Zero Profit ICP ²	8,000.0

² These MTN/ICP are fully subscribed by the Bank.



Notes to the Financial Statements

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

(y) Subordinated sukuk

Group	Note	2023 RM'000	2022 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	1,011,044
		2,021,893	2,021,893

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.

(z) Capital securities

Description	Issue date	First call date	Maturity date	2023 RM'000	2022 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 ^{1,2}	14-Dec-22	14-Dec-27	Perpetual	1,002,347	1,002,347

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 These capital securities are fully subscribed by the Bank.

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31 December 2023

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

(aa) Income derived from investment of depositors' funds

Group	2023 RM'000	2022 RM'000
Income from investment of:		
(i) General investment deposits	8,067,732	6,484,204
(ii) Other deposits	3,813,000	3,050,519
	11,880,732	9,534,723
(i) Income derived from investment of general investment deposits:		
Group	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing and advances	6,001,781	4,816,156
Financial assets purchased under resale agreements	43,779	87,640
Financial investments at FVOCI	488,556	404,981
Financial investments at amortised cost	596,002	674,970
Financial investments at FVTPL	6,178	2,660
Money at call and deposits and placements with financial institutions	257,597	158,993
	7,393,893	6,145,400
Amortisation of premiums, net	(36,493)	(51,670)
Total finance income and hibah	7,357,400	6,093,730
Other operating income:		
Fee income	367,427	303,988
Gain on disposal of financial investments at FVTPL	12,521	3,027
Gain on disposal of financial investments at FVOCI	94,485	14,989
Unrealised gain/(loss) on revaluation of:		
– Financial investments at FVTPL	445	(843)
– Derivatives	25,099	694
Foreign exchange gain, net	225,784	66,143
Realised (loss)/gain on derivatives	(17,322)	716
Others	1,893	1,760
Total other operating income	710,332	390,474
Total	8,067,732	6,484,204



Notes to the Financial Statements

31 December 2023

63. 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	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing and advances	2,836,581	2,265,778
Financial assets purchased under resale agreements	20,691	41,231
Financial investments at FVOCI	230,903	190,525
Financial investments at amortised cost	281,685	317,542
Financial investments at FVTPL	2,920	1,251
Money at call and deposits and placements with financial institutions	121,746	74,799
	3,494,526	2,891,126
Amortisation of premiums, net	(17,247)	(24,308)
Total finance income and hibah	3,477,279	2,866,818
Other operating income:		
Fee income	173,654	143,012
Gain on disposal of financial investments at FVTPL	5,918	1,424
Gain on disposal of financial investments at FVOCI	44,656	7,052
Unrealised gain/(loss) on revaluation of:		
– Financial investments at FVTPL	211	(397)
– Derivatives	11,863	327
Foreign exchange gain, net	106,711	31,117
Realised (loss)/gain on derivatives	(8,187)	337
Others	895	829
Total other operating income	335,721	183,701
Total	3,813,000	3,050,519

(ab) Income derived from investment of investment account funds

Group	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing and advances	1,159,512	1,088,386
Other operating income:		
Fee income	3,794	4,224
Total	1,163,306	1,092,610

Notes to the Financial Statements

31 December 2023

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

(ac) Income derived from investment of Islamic Banking Funds

Group	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing and advances	489,601	373,090
Financial assets purchased under resale agreements	3,573	6,776
Financial investments at FVOCI	39,872	31,310
Financial investments at amortised cost	48,641	52,184
Financial investments at FVTPL	504	206
Money at call and deposits and placements with financial institutions	21,023	12,292
	603,214	475,858
Amortisation of premiums, net	(2,978)	(3,995)
Total finance income and hibah	600,236	471,863
Other operating income:		
Fee income	85,009	61,470
Gain on disposal of financial investments at FVTPL	4,946	3,008
Gain on disposal of financial investments at FVOCI	7,711	1,159
Unrealised gain/(loss) on revaluation of:		
– Financial investments at FVTPL	36	(65)
– Derivatives	2,048	54
Foreign exchange gain, net	18,586	5,173
Realised (loss)/gain on derivatives	(1,414)	55
Others	157	136
Total other operating income	117,079	70,990
Total	717,315	542,853

(ad) Allowances for impairment losses on financing and advances, net

Group	2023 RM'000	2022 RM'000
Stage 1 – 12-month ECL, net	30,358	(254,168)
Stage 2 – Lifetime ECL not credit impaired, net	282,030	(2,534)
Stage 3 – Lifetime ECL credit impaired, net	793,400	736,946
Bad debts and financing:		
– Written off	6,568	14,560
– Recovered	(183,506)	(115,116)
Allowances for impairment losses on other debts	(280)	172
	928,570	379,860



Notes to the Financial Statements

31 December 2023

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

(ae) (Writeback of)/allowances for impairment losses on financial investments, net

Group	2023 RM'000	2022 RM'000
Financial investments at fair value through other comprehensive income		
Stage 1 – 12-month ECL, net	(228)	(2,715)
Stage 2 – Lifetime ECL not credit impaired, net	(1,414)	835
	(1,642)	(1,880)
Financial investments at amortised cost		
Stage 1 – 12-month ECL, net	(28,188)	2,297
Stage 2 – Lifetime ECL not credit impaired, net	–	464
Stage 3 – Lifetime ECL credit impaired, net	15,891	–
	(12,297)	2,761
	(13,939)	881

(af) Writeback of impairment losses on other financial assets, net

Group	2023 RM'000	2022 RM'000
Financial assets purchased under resale agreements		
Stage 1 – 12-month ECL, net	(716)	(6,285)

(ag) Profit distributed to depositors

Group	2023 RM'000	2022 RM'000
Deposits from customers:		
– Non-Mudharabah Fund	5,351,294	3,048,371
Deposits and placements from financial institutions:		
– Non-Mudharabah Fund	809,673	477,181
Structured deposits	502	588
	6,161,469	3,526,140

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31 December 2023

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

(ah) Overhead expenses

Group	2023 RM'000	2022 RM'000
Personnel expenses:		
– Salaries, allowances and bonuses	46,317	51,529
– Social security cost	227	208
– Retirement cost	6,866	7,807
– ESGP expenses	2,070	2,703
– Other staff related expenses	6,110	5,987
	61,590	68,234
Establishment costs:		
– Depreciation of property, plant and equipment (Note 64(p))	147	277
– Depreciation of right-of-use assets (Note 64(q))	3,228	3,150
– Information technology expenses	4,989	4,374
– Finance cost on lease liabilities	162	239
– Others	104	66
	8,630	8,106
Marketing expenses:		
– Advertisement and publicity	15,929	10,110
– Others	1,202	681
	17,131	10,791
Administration and general expenses:		
– Fees and brokerage	131,088	81,774
– Administrative expenses	2,445	12,079
– General expenses	34,350	33,308
	167,883	127,161
Shared service cost paid/payable to Maybank and related company	2,456,132	1,924,390
Total	2,711,366	2,138,682
Included in overhead expenses are:		
– Shariah Committee members' fees and remuneration	1,218	1,171

(ai) Taxation

Group	2023 RM'000	2022 RM'000
Tax expense for the financial year:		
– Malaysian income tax	768,394	1,497,465
Over provision in respect of prior year:		
– Malaysian income tax	(11,987)	(2,239)
	756,407	1,495,226
Deferred tax (Note 63(r)):		
– Relating to origination and reversal of temporary differences	(37,244)	(18,725)
	719,163	1,476,501



Notes to the Financial Statements

31 December 2023

63. 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	2023			2022		
	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	3,347,374	3,182,771	1,809,347	3,051,481	2,801,221	1,964,993
Certain transaction-related contingent items	4,239,635	2,090,400	1,284,447	3,626,371	1,773,332	1,077,872
Short-term self-liquidating trade-related contingencies	527,091	106,965	30,600	460,706	94,078	28,023
	8,114,100	5,380,136	3,124,394	7,138,558	4,668,631	3,070,888
Commitments						
Irrevocable commitments to extend credit:						
– Maturity within one year	41,374,483	2,010,363	380,901	35,592,554	1,819,903	356,347
– Maturity exceeding one year	14,719,870	28,371,689	9,710,537	11,097,267	21,934,391	7,719,692
	56,094,353	30,382,052	10,091,438	46,689,821	23,754,294	8,076,039
Miscellaneous commitments and contingencies	86,637	–	–	1,599,299	42,903	–
Total credit-related commitments and contingencies	64,295,090	35,762,188	13,215,832	55,427,678	28,465,828	11,146,927
Derivative financial instruments						
Foreign exchange related contracts:						
– Less than one year	32,256,958	188,190	63,509	16,581,360	258,326	70,977
– One year to less than five years	3,102,341	210,071	111,072	3,013,711	242,332	96,492
– Five years and above	749,465	56,175	21,610	541,594	54,166	15,526
	36,108,764	454,436	196,191	20,136,665	554,824	182,995
Profit rate related contracts:						
– Less than one year	–	–	–	3,012,000	16,109	5,270
– One year to less than five years	37,321	261	95	1,700,437	48,024	10,057
– Five years and above	220,000	12,320	4,698	220,000	17,937	5,949
	257,321	12,581	4,793	4,932,437	82,070	21,276
Total treasury-related commitments and contingencies	36,366,085	467,017	200,984	25,069,102	636,894	204,271
Total commitments and contingencies	100,661,175	36,229,205	13,416,816	80,496,780	29,102,722	11,351,198

* The credit equivalent amount and risk-weighted amount are derived at using the credit conversion factors and risk-weights respectively as specified by BNM.

Notes to the Financial Statements

31 December 2023

63. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)**(ak) Capital adequacy**

The capital adequacy ratios of the IBS operations are as follows:

Group	2023	2022
CET1 Capital Ratio	14.339%	14.325%
Tier 1 Capital Ratio	15.335%	15.392%
Total Capital Ratio	17.855%	18.057%

Components of capital:

Group	2023 RM'000	2022 RM'000
CET1 Capital		
Share capital/Islamic Banking Fund	11,681,910	11,034,955
Retained profits	2,577,023	2,901,255
Other reserves	1,228,475	727,027
CET1 Capital before regulatory adjustments	15,487,408	14,663,237
Less: Regulatory adjustment applied in CET1 Capital	(1,091,375)	(1,244,216)
Total CET1 Capital	14,396,033	13,419,021
Additional Tier 1 Capital		
Capital securities	1,000,000	1,000,000
Total Tier 1 Capital	15,396,033	14,419,021
Tier 2 Capital		
Subordinated sukuk	2,000,000	2,000,000
General provisions ¹	23,634	23,001
Surplus of eligible provision over expected loss	506,354	473,343
Total Tier 2 Capital	2,529,988	2,496,344
Total Capital	17,926,021	16,915,365

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	2023 RM'000	2022 RM'000
Standardised Approach exposure	2,709,444	2,915,241
Internal Ratings-Based Approach exposure after scaling factor	101,660,571	89,387,080
Total RWA for credit risk	104,370,015	92,302,321
Total RWA for credit risk absorbed by Maybank and IAH*	(17,268,203)	(10,496,635)
Total RWA for market risk	1,035,378	781,234
Total RWA for operational risk	12,263,075	11,091,019
Total RWA	100,400,265	93,677,939

* 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.



Notes to the Financial Statements

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63. 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
2023					
Financial assets					
Financial investments at amortised cost	–	13,332,508	25,830	13,358,338	13,759,189
Financing and advances	–	19,507,317	222,532,579	242,039,896	227,315,365
Financial liabilities					
Customers’ funding:					
– Deposits from customers	–	210,698,985	–	210,698,985	210,698,979
– Investment accounts of customers [^]	–	27,354,378	–	27,354,378	27,354,337
Deposits and placements from financial institutions	–	17,453,568	–	17,453,568	17,488,615
Term funding	–	10,963,127	–	10,963,127	10,932,227
Subordinated sukuk	–	2,000,283	–	2,000,283	2,021,893
Capital securities	–	1,020,387	–	1,020,387	1,002,347
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

[^] Investment accounts of customers are used to fund financing and advances as disclosed in Note 63(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.

Notes to the Financial Statements

31 December 2023

63. 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 are 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 2023, the SC at the Group level has six members.

Any transaction classified as potential 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 Shariah non-compliant transactions, any related income earned will be purified by channeling the amount to charity or given back to the customer, as determined by the SC.

(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
2023		
Subsequent change in business activities for financing granted to a customer resulting in revenue generated from rental of property used for non-halal business activities	1	216
Compounding of accrued profit for restructured term financing account	1	-
Financing granted to a food and beverage operator with mixture of halal and non-halal business activities*	-	463
	2	679
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 a food and beverage operator with mixture of halal and non-halal business activities	1	272
	2	633



Notes to the Financial Statements

31 December 2023

63. 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
Subsequent change in business activities resulting in financing granted to customer with revenue generated from rental of property used for non-halal activities.	Purification of income earned by the Bank.	Purification of income completed. Pending distribution of charity funds.
Financing granted to food and beverage operator with mixture of halal and non-halal business.	Termination of the current Islamic facility and purification of income.	Mitigation actions completed. Pending distribution of charity funds.
Compounding of accrued profit for restructured term financing account.	Adjustment of the Bank Selling Price in the system; credit of the overcharged profit into the customer's financing account; and refresher training on Restructuring and Rescheduling for all Commercial Banking Centres and Credit Administration Centres.	Targeted to complete in Q1 2024.

* During the financial year ended 31 December 2023, an additional income of RM463,101 has been purified in relation to financing granted to food and beverage operator with mixture of halal and non-halal business in 2022, as the account was fully closed on 4 September 2023.

(iii) Sources and uses of charity funds

Group	2023 RM'000	2022 RM'000
Sources of charity funds		
Shariah non-compliance/prohibited income	679	272
Total sources of charity funds during the financial year	679	272
Uses of charity funds		
Contribution to non-profit organisation ¹	–	272
Total uses of charity funds during the financial year	–	272
Undistributed charity funds as at 31 December	679	–

¹ Does not include fund refunded to customers of RM360,656 made during the financial year 2022.

(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.

Notes to the Financial Statements

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64. 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	
			2023 RM	2022 RM	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Banking										
Maybank Islamic Berhad	Islamic banking	Malaysia	11,676,910,001	11,029,954,534	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	368,000,000 ⁴	69.05	69.05	30.95	30.95	100.00	100.00
PT Asuransi Etiqa Internasional Indonesia ¹⁰	General insurance business	Indonesia	267,429,068,000 ¹	267,429,068,000 ¹	79.87	79.87	20.13	20.13	100.00	100.00
Etiqa Life Insurance Berhad	Life insurance and investment-linked businesses	Malaysia	100,000,000	100,000,000	69.05	69.05	30.95	30.95	100.00	100.00
Etiqa General Takaful Berhad	General takaful business	Malaysia	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	11,000,000 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	12,000,000 ²	100.00	100.00	–	–	100.00	100.00



Notes to the Financial Statements

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64. 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	
			2023 RM	2022 RM	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
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	4,333,256,980	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
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	Dormant	United States of America	31,054,000 ²	30,454,000 ²	100.00	100.00	-	-	100.00	100.00
MIB Securities India Private Limited ¹⁰	Dealing in securities	India	950,000,000 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	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	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	2	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	2,064,861,449	100.00	100.00	-	-	100.00	100.00
Maybank Offshore Corporate Services (Labuan) Sdn. Bhd.	Investment holding	Malaysia	7,673,507,771 [#]	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

Reduction in share capital arising from capital reduction exercise to offset the accumulated losses.

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64. 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	
			2023 RM	2022 RM	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Asset Management/Trustees/ Custody (cont'd.)										
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
Myfin Berhad	Ceased operations	Malaysia	73,755 [#]	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.	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	169,500,000,000 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

Reduction in share capital arising from capital reduction exercise to offset the accumulated losses. This should be read in conjunction with Note 18(i).



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31 December 2023

64. 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	
			2023 RM	2022 RM	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Asset Management/Trustees/Custody (cont'd.)										
MAM DP Ltd. ¹³	Dissolved	Malaysia	-	1 ²	-	80.00	100.00	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	1,000,000	80.00	80.00	20.00	20.00	100.00	100.00
Singapore Unit Trusts Limited ¹⁰	Disposed	Singapore	-	50,000 ⁴	-	80.00	100.00	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	60,000,000 ³	100.00	100.00	-	-	100.00	100.00

(b) Details of the deemed controlled structured entities are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Effective Interest	
			2023 %	2022 %
Held by the Bank				
Maybank Enhanced Income Fund ¹⁰	Equity Fund	Singapore	75	68
Maybank All-Weather Quantitative Fund ¹⁰	Equity Fund	Singapore	66	53
Maybank Dana Ekuitas ¹⁰	Equity Fund	Indonesia	74	-
MAMG Inverse ETF Fund ¹⁰	Equity Fund	Malaysia	100	-
Held through subsidiaries				
MAM PE Asia Fund I (Labuan) LLP	Private Equity Fund	Malaysia	100	100

(c) Details of the associates are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Effective Interest	
			2023 %	2022 %
Held by the Bank				
Uzbek Leasing International A.O. ¹¹	Leasing	Uzbekistan	10	10
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	Liquidated	Malaysia	-	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

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64. DETAILS OF SUBSIDIARIES, DEEMED CONTROLLED STRUCTURED ENTITIES, ASSOCIATES AND JOINT VENTURES (CONT'D.)

(d) Details of the joint venture are as follows:

Name of Company	Principal Activities	Country of Incorporation/Principal Place of Business	Effective Interest	
			2023 %	2022 %
Anfaal Capital ¹³	Under member's voluntary liquidation	Kingdom of Saudi Arabia	35	35

Note:

¹ Indonesia Rupiah (IDR)

² United States Dollars (USD)

³ Philippine Peso (Peso)

⁴ Singapore Dollars (SGD)

⁵ Hong Kong Dollars (HKD)

⁶ Great Britain Pound (GBP)

⁷ Thailand Baht (THB)

⁸ Indian Rupee (INR)

⁹ Vietnamese Dong (VND)

¹⁰ Audited by other member firms of Ernst & Young Global

¹¹ Audited by firms of auditors other than Ernst & Young Global

¹² No audit required as allowed by the laws of the respective country of incorporation

¹³ No audit required as the entity is under members' voluntary liquidation

¹⁴ In the financial year ended 31 December 2013, the Group completed the disposal of 18.3% equity interest in PT Bank Maybank Indonesia Tbk ("BMI") to a third party investor. The disposal was undertaken to ensure compliance with the Otoritas Jasa Keuangan ("OJK")'s mandatory sell down requirement under the OJK Regulation No. IX.H.1. The Group had also entered into a commercial arrangement where the economic exposure resulting from the disposal was retained. During the current financial year ended 31 December 2023, the Group terminated the previous commercial arrangement and completed a new commercial arrangement to retain the same economic exposure of 18.31% equity interest. Hence, there is no change in the Group's effective interest in BMI.

65. 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.

66. COMPARATIVES

Certain comparative numbers in prior years have been restated in order to conform with the adoption of the MFRS 17 Insurance Contracts which is effective in the current financial year and presentation of the current financial year's financial statements. The effects of these restatements are disclosed in Note 2.4.



Notes to the Financial Statements

31 December 2023

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 Professor Dr. Aznan bin Hasan Shariffuddin bin Khalid Natasha binti Kamaluddin Datuk Zainal Izlan bin Zainal Abidin (appointed on 10 November 2023) Dali Kumar @ Dali bin Sardar (resigned on 13 June 2023) Datuk Mohd Anwar bin Yahya (resigned on 27 March 2023) Dato' Azmi bin Mohd Ali (resigned on 7 November 2023)	PT Maybank Indonesia Finance	Deswandhy Agusman Steffano Ridwan
Maybank International (L) Ltd.	Aziah binti Abdullah Nor Rashidi bin Mohammad Malique Firdauz bin Ahmad Sidique	PT Wahana Ottomitra Multiartha Tbk	I Nyoman Tjager Thilagavathy Nadason Myrnie Zachraini Tamin Robbyanto Budiman (deceased on 10 February 2023) Garibaldi Thohir (term of office has ended at the closing of the 2023 Annual General Meeting of Shareholders dated 30 March 2023)
Maybank Philippines, Incorporated	Fauziah binti Hisham Renato Tinio De Guzman Atty. Ray C. Espinosa Jesus Roberto S. Reyes Simoun S. Ung Abigail Tina M. Del Rosario Dr. Siew Chan Cheong (appointed on 12 April 2023) Anthony Brent Elam (appointed on 18 January 2024) Pollie Sim Sio Hoong (retired on 12 April 2023) Datuk Lim Hong Tat (retired on 12 April 2023) Manuel Nava Tordesillas (retired on 12 April 2023)	Kim Eng Finance (Singapore) Pte. Ltd.	Rajiv Vijendran Lee Lian Soon (appointed on 14 April 2023) Mohd Mughti Arief bin Shamsudin (resigned on 14 April 2023)
PT Bank Maybank Indonesia Tbk	Dato' Khairussaleh bin Ramli Edwin Gerungan Datuk Lim Hong Tat Budhi Dyah Sitawati Achjar Iijas Dr. Hendar Putut Eko Bayuseno Dato' Zulkiflee Abbas bin Abdul Hamid	Maybank Ageas Holdings Berhad	Datuk R. Karunakaran Gary Lee Crist Dato' Majid bin Mohamad Datuk Mohd Najib bin Abdullah Fauziah binti Hisham Khalijah binti Ismail (appointed on 1 April 2023) Emmanuel Gerard C. Van Grimbergen (appointed on 1 January 2024) Dato' Johan bin Ariffin (resigned on 31 August 2023) Antonio Cano (resigned on 1 January 2024)
Maybank (Cambodia) Plc.	Shariffuddin bin Khalid Spencer Lee Tien Chye Dato' John Chong Eng Chuan (appointed on 12 May 2023) Khalijah binti Ismail (appointed on 18 July 2023) Khieu Mealy (appointed on 22 November 2023) Shirly Goh (appointed on 1 January 2024) Datuk Hamirullah bin Boorhan (resigned on 12 May 2023) Soon Su Long (resigned on 12 May 2023) Dr. Sok Siphana (resigned on 1 September 2023) Anthony Brent Elam (resigned on 1 January 2024)	Etiqua Life International (L) Ltd.	Dato' Majid bin Mohamad Johan Lam Chung Yin Wong Shu Yoon (appointed on 15 February 2023) Lee Hin Sze (resigned on 15 February 2023)
Maybank Singapore Limited	Datuk R. Karunakaran Dato' Khairussaleh bin Ramli Anthony Brent Elam Spencer Lee Tien Chye Wong Heng Ning Kevin Lee Yong Guan Renato Tinio De Guzman	Etiqua 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
		Etiqua Family Takaful Berhad	Dato' Majid bin Mohamad Wong Pakshong Kat Jeong Colin Stewart Professor Dr. Azman bin Mohd Noor Mohd Din bin Merican Ajay Kumar Garg (appointed on 1 November 2023) Andrew Cheung King Sun (resigned on 1 November 2023) Dato' Johan bin Ariffin (resigned on 31 August 2023)
		Etiqua Offshore Insurance (L) Ltd.	Dato' Majid bin Mohamad Wong Shu Yoon (appointed on 15 February 2023) Johan Lam Chung Yin (appointed on 6 October 2023) Eng Poh Yoon (resigned on 15 February 2023) Frank J.G. Van Kempen (resigned on 9 October 2023)

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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
Etiqua International Holdings Sdn. Bhd.	Datuk R. Karunakaran Dato' Johan bin Ariffin Fauziah binti Hisham	Etiqua Life Insurance (Cambodia) Plc.	Dato' Johan bin Ariffin Wong Pakshong Kat Jeong Colin Stewart Siti Nita Zuhra binti Mohd Nazri Foo Wei Hoong Dato' Mohd Hanif bin Suadi Veejay Madhavan (appointed on 9 January 2024) Koh Heng Kong (retired on 29 March 2023)
Etiqua Life and General Assurance Philippines, Inc.	Mohd Din bin Merican Loh Lee Soon Manuel Nava Tordesillas Eulogio A. Mendoza Rico T. Bautista Ricardo Nicanor N. Jacinto Helen T. De Guzman	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
Etiqua Insurance Pte. Ltd.	Dato' Johan bin Ariffin Kamaludin bin Ahmad Wong Pakshong Kat Jeong Colin Stewart Francis Tan Wee Ming Filip Andre L. Coremans (appointed on 28 September 2023) Loo Pauy Lian (appointed on 16 October 2023) Sallim bin Abdul Kadir (retired on 3 December 2023) Frank J.G. Van Kempen (resigned on 28 September 2023)	Maysec Sdn. Bhd.	Ezrina binti Mahadzir Ekhwan bin Jani
PT Asuransi Etiqua Internasional Indonesia	Kamaludin bin Ahmad Endra Raharja Oka Masagung Chris Eng Poh Yoon Riduan Simanjuntak Didit Mehta Pariadi Salomo Damanik	PhileoAllied Securities (Philippines) Inc.*	Graciella Marie D. Baldoz-Paz Luis Manuel L. Gatmaitan Ma. Alicia Picazo-San Juan Aurelio Noel G. Dayrit (elected on 24 August 2023)
Etiqua Life Insurance Berhad	Datuk Mohd Najib bin Abdullah Frank J.G. Van Kempen Wong Pakshong Kat Jeong Colin Stewart Dr. Ariffin bin Yahaya Glenn John Williams (appointed on 1 November 2023) Philippe Pol Arthur Latour (resigned on 1 November 2023) Norazilla binti Md Tahir (resigned on 1 May 2023)	Maybank International Holdings Sdn. Bhd.	Wan Marzimin bin Wan Muhammad Malique Firdaus bin Ahmad Sidique Dr. Hasnita binti Dato' Hashim (appointed on 31 January 2024) Che Zakiah binti Che Din (appointed on 31 January 2024) Dato' Muzaffar bin Hisham (appointed on 31 January 2024) Hans Johan Patrik Sandin (appointed on 31 January 2024) Goh Ching Yin (appointed on 31 January 2024) Dato' Abdul Hamid bin Sheikh Mohamed (appointed on 31 January 2024) Dato' Sri Sharifah Sofianny binti Syed Hussain (appointed on 31 January 2024) Dr. Areepong Bhoocha-Oom (appointed on 31 January 2024)
Etiqua General Takaful Berhad	Dato' Majid bin Mohamad Professor Datin Dr. Rusni Hassan Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican Wong Shu Yoon Dominik Jacqueline A. Smeets (appointed on 15 October 2023) Philippe Pol Arthur Latour (resigned on 15 October 2023)	Maybank IBG Holdings Limited	Aditya Laroia (appointed on 31 December 2023) Andrew Damien Kwek Tse Hock (deceased on 25 April 2023) Dr. John Lee Hin Hock (resigned on 31 December 2023) Dr. Hasnita binti Dato' Hashim (resigned on 31 January 2024) Hans Johan Patrik Sandin (resigned on 31 January 2024) Dato' Muzaffar bin Hisham (resigned on 31 January 2024) Dato' Abdul Hamid bin Sheikh Mohamed (resigned on 31 January 2024) Dato' Sri Sharifah Sofianny binti Syed Hussain (resigned on 31 January 2024) Che Zakiah binti Che Din (resigned on 31 January 2024) Goh Ching Yin (resigned on 31 January 2024)
Etiqua General Insurance (Cambodia) Plc.	Datuk Mohd Najib bin Abdullah Loh Lee Soon Kirupalani Chelliah Kamaludin bin Ahmad Mohd Din bin Merican		



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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
Maybank Securities Pte. Ltd.	Goh Ching Yin Soon Kwo Chuan, Christopher Oh Lau Chong Jin (appointed on 30 June 2023) Khalijah binti Ismail (resigned on 31 March 2023) Andrew Damien Kwek Tse Hock (deceased on 25 April 2023) Dr. John Lee Hin Hock (resigned on 31 December 2023)
PT Maybank Sekuritas Indonesia	I Nyoman Tjager Deswandhy Agusman Dato' Abdul Hamid bin Sheikh Mohamed
Maybank Securities (Thailand) Public Company Limited	Dr. Areepong Bhoocha-Oom Sopawadee Lertmanaschai Hans Johan Patrik Sandin Arapat Sankharat Ricardo Nicanor Jacinto Oh Lau Chong Jin (appointed on 10 February 2023)
Maybank Securities (London) Limited	Leonard White Farhan Nor Diyana binti Samsudin Hishamuddin Hud bin Ibrahim (resigned on 31 July 2023)
Maybank Securities USA Inc.	Ahmad Hamdi bin Abdullah Jean Louis Lee (resigned on 27 February 2023) Hishamuddin Hud bin Ibrahim (resigned on 13 June 2023)
MIB Securities India Private Limited	Jigar Shah Ekhwani bin Jani Hishamuddin Hud bin Ibrahim (resigned on 29 August 2023)
MIB Finance (Hong Kong) Limited	Ekhwani bin Jani Chan Cheung Hung
Maybank Research Pte. Ltd.	Ong Seng Yeow Shrianand Pathmakanthan
MIB Securities (Hong Kong) Limited	Hans Johan Patrik Sandin Felino James Marcelo Ekhwani bin Jani Chan Cheung Hung Leung Wai Lan (resigned on 2 May 2023)
MIB Futures (Hong Kong) Limited	Chan Cheung Hung Li Jia You, Leo (appointed on 22 December 2023) Teo Kim Guan (resigned on 22 December 2023)
Maybank Capital Inc.	Ricardo Nicanor Jacinto Daniel Gabriel M. Montecillo Aurelio Noel G. Dayrit Dato' Sri Sharifah Sofianny binti Syed Hussain Jose R. Soberano III Abigail Tina M. Del Rosario

Name of Company	Name of Directors
Maybank Securities, Inc.	Ricardo Nicanor Jacinto Daniel Gabriel M. Montecillo Alexander Ludwig L. Dauz Jose R. Soberano III Dato' Sri Sharifah Sofianny binti Syed Hussain Abigail Tina M. Del Rosario
Maybank Securities Limited	Che Zakiah binti Che Din Lok Eng Hong Dr. Nguyen The Tho Michael Foong Seong Yew (appointed on 10 March 2023) Rajiv Vijendran (resigned on 1 January 2023)
Maybank Asset Management Group Berhad	Dr. Hasnita binti Hashim Goh Ching Yin Shirley Goh Dato' Muzaffar bin Hisham Mohd Irwan bin Ahmad Mustafa @ Mustafa Kamarul Ariffin bin Mohd Jamil (appointed on 10 April 2023) Loh Lee Soon (resigned on 6 April 2023)
Maybank (Indonesia) Berhad	Loy Teck Wooi Wan Marzimin bin Wan Muhammad
Cekap Mentari Berhad	Lee Yih Hwan Mohd Amri bin Mohd Sofian (appointed on 7 December 2023) Malique Firdauz bin Ahmad Sidique (resigned on 8 December 2023)
Maybank International Trust (Labuan) Berhad	Lee Yih Hwan Mohd Amri bin Mohd Sofian (appointed on 7 December 2023) Malique Firdauz bin Ahmad Sidique (resigned on 8 December 2023)
Maybank Offshore Corporate Services (Labuan) Sdn. Bhd.	Surin Segar a/l Gnanasegaram Mohd Amri bin Mohd Sofian (appointed on 22 November 2023) Malique Firdauz bin Ahmad Sidique (resigned on 24 November 2023)
Maybank Trustees Berhad	Shirley Goh Dato' John Chong Eng Chuan Surindar Kaur a/p Gian Singh Cheng Kee Check (resigned on 18 November 2023)
Maybank Private Equity Sdn. Bhd.	Ahmad Najib bin Nazlan Norazlina binti Abdul Rashid
Maybank Asset Management Sdn. Bhd.	Dr. Hasnita binti Hashim Goh Ching Yin Shirley Goh Badrul Hisyam bin Abu Bakar Ahmed Muzni bin Mohamed Loh Lee Soon (resigned on 5 April 2023)

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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
Philmay Property, Inc.	Lee Yih Hwan Loy Teck Wooi Malique Firdauz bin Ahmad Sidique Abigail Tina M. Del Rosario Armando C. Lavandelo	KBB Properties Sdn. Bhd.	Yeoh Cheang Teik Mohd Noor bin Bahari Abdullah bin Taib
Maybank (Nominees) Sdn. Bhd.	Ekhwan bin Jani Surin Segar a/l Gnanasegaram	Double Care Sdn. Bhd.*	Dato' Aminuddin bin Md Desa Hans De Cuyper
Maybank Nominees (Tempatan) Sdn. Bhd.	Ekhwan bin Jani Surin Segar a/l Gnanasegaram	Sorak Financial Holdings Pte. Ltd.	Lim Choon Meng Lee Yih Hwan
Maybank Nominees (Asing) Sdn. Bhd.	Ekhwan bin Jani Surin Segar a/l Gnanasegaram	Myfin Berhad	Loy Teck Wooi Surin Segar a/l Gnanasegaram
Maybank Nominees (Singapore) Private Limited	Lim Choon Meng Chew Yew Leong David	Maybank Alliances Sdn. Bhd.	Surin Segar a/l Gnanasegaram Mohd Amri bin Mohd Sofian (appointed on 7 December 2023) Malique Firdauz bin Ahmad Sidique (resigned on 8 December 2023)
Maybank Nominees (Hong Kong) Limited	Felino James Marcelo	Maybank Ventures Sdn. Bhd.	Md Farid Kairi (appointed on 20 March 2023) Sharifah Naelah Alhabshi (appointed on 20 March 2023) Dato' Muzaffar bin Hisham (resigned on 21 March 2023) Lye Saw Im (resigned on 21 March 2023)
Maybank Securities Nominees (Tempatan) Sdn. Bhd.	Ezrina binti Mahadzir Ekhwan bin Jani	MIB Strategic Pte. Ltd.	Ekhwan bin Jani Lee Sian Soon (appointed on 31 December 2023) Rajiv Vijendran (resigned on 31 December 2023)
Maybank Securities Nominees (Asing) Sdn. Bhd.	Ezrina binti Mahadzir Ekhwan bin Jani	Maybank Properties Pte. Ltd.	Ekhwan bin Jani Lee Yih Hwan
Maybank Allied Berhad	Wan Marzimin bin Wan Muhammad Mohd Amri bin Mohd Sofian (appointed on 7 December 2023) Malique Firdauz bin Ahmad Sidique (resigned on 8 December 2023)	Strategic Acquisitions Pte. Ltd.	Lok Eng Hong Goh Keat Jin Badrul Hisyam bin Abu Bakar (resigned on 31 March 2023)
Dourado Tora Holdings Sdn. Bhd.	Lee Yih Hwan Mohd Amri bin Mohd Sofian (appointed on 7 December 2023) Malique Firdauz bin Ahmad Sidique (resigned on 8 December 2023)	MIB Investment Limited	Ekhwan bin Jani Chan Cheung Hung
Aurea Lakra Holdings Sdn. Bhd.	Choong Yoke Choo Lee Yih Hwan	Maybank Securities Nominees Pte. Ltd.	Henry Koh Swee Ong Young Lim Koon Yang
KBB Nominees (Tempatan) Sdn. Bhd.	Yeoh Cheang Teik Abdullah bin Taib	Maybank Asset Management Singapore Pte. Ltd.	Goh Ching Yin Badrul Hisyam bin Abu Bakar Lee Han Eng, Alvin Goh Keat Jin
		MIB Nominees (Hong Kong) Limited	Chan Cheung Hung Li Jia You, Leo (appointed on 22 December 2023) Teo Kim Guan (resigned on 22 December 2023)
		Maybank Kim Eng Properties USA Inc.	Ahmad Hamdi Abdullah Jean Louis Lee (resigned on 27 February 2023) Hishamuddin Hud bin Ibrahim (resigned on 13 October 2023)



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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
PT Prosperindo	Surin Segar a/l Gnanasegaram Narita Naziree binti Ahmad Naziree
Maybank Shared Services Sdn. Bhd.	Mohd Suhail Amar Suresh bin Abdullah Surin Segar a/l Gnanasegaram Lau Chee Kheong, Alan (appointed on 3 April 2023) Hon Kah Cho, Jerome (resigned on 31 March 2023)
PT Maybank Asset Management	Badrul Hisyam bin Abu Bakar Freddy Hendradjaja
Maybank Islamic Asset Management Sdn. Bhd.	Dato' Mohamed Rafique Merican bin Mohd Wahiduddin Merican Nadjihah Mohd Dzaidin Kamarul Ariffin bin Mohd Jamil (appointed on 20 February 2023) Mohamed Belqaizi bin Mohamed Taufik (appointed on 1 June 2023) Badrul Hisyam bin Abu Bakar (resigned on 1 June 2023)

Name of Company	Name of Directors
MBB Labs Private Limited	Mohd Suhail Amar Suresh bin Abdullah Datuk Normala binti A. Manaf Meenakshy Ramaswamy Iyer
Amanah Mutual Berhad	Badrul Hisyam bin Abu Bakar Ahmad Najib bin Nazlan
Etiga Digital Solutions Sdn. Bhd.	Kamaludin bin Ahmad Lee Hin Sze Dr. Siew Chan Cheong (appointed on 9 February 2023) Amran bin Hassan (resigned on 9 February 2023)
Philmay Holding, Inc.	Lee Yih Hwan Loy Teck Wooi Malique Firdauz bin Ahmad Sidique Abigail Tina M. Del Rosario Armando C. Lavandelo

* Under members' voluntary liquidation

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