

MAYBANK INVESTMENT BANK BERHAD  
(Co. Reg. No.: 197301002412)  
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements  
31 December 2022

**Maybank Investment Bank Berhad**  
**(Co. Reg. No.: 197301002412)**  
**(Incorporated in Malaysia)**

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

**Directors' report**

The Board of Directors have pleasure in presenting their report together with the audited financial statements of Maybank Investment Bank Berhad ("the Bank") including the consolidated financial statements of the Bank and its subsidiaries ("the Group") for the financial year ended 31 December 2022.

**Principal activities**

The Bank is principally engaged in the investment banking business including Islamic Banking Scheme operations, provision of stockbroking services and related financial services.

The principal activities of the subsidiaries are described in Note 11 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

**Results**

	<b>Group RM'000</b>	<b>Bank RM'000</b>
Profit before taxation and zakat	77,503	77,094
Taxation and zakat	<u>(20,415)</u>	<u>(20,302)</u>
Profit for the year	<u>57,088</u>	<u>56,792</u>

There were no material transfers to or from reserves, allowances or provisions during the financial year other than as disclosed in Notes 8, 10, 11, 18 and statements of changes in equity to the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**Dividends**

The amount of dividends paid by the Bank for the financial year ended 31 December 2022 were as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 December 2021:	
A single-tier second interim dividend of approximately RM3.05 on 50,116,000 ordinary shares, declared on 23 February 2022 and paid on 25 March 2022.	153,056
In respect of the financial year ended 31 December 2022:	
A single-tier first interim dividend of approximately RM0.79 on 50,116,000 ordinary shares, declared on 19 August 2022 and paid on 23 September 2022.	<u>39,551</u>
	<u>192,607</u>

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**Dividends (cont'd.)**

The Board of Directors have declared a single-tier second interim dividend in respect of the financial year ended 31 December 2022 of approximately RM0.34 on 50,116,000 ordinary shares, amounting to a net dividend payable of RM17,241,000, and will be recognised as appropriation of retained earnings for financial year ending 31 December 2023.

The Board of Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2022.

**Malayan Banking Berhad ("Maybank") Group Employees' Share Grant Plan ("ESGP") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP")**

The ESGP is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting held on 6 April 2017 and was implemented on 14 December 2018 for a period of seven (7) years from the effective date. The scheme was administered by the ESGP Committee since its implementation in December 2018 until the said Committee was dissolved and its roles and responsibilities were taken over by the Nomination and Remuneration Committee of the Board ("NRC") with effect from 1 February 2021. Since then, the scheme is administered by the NRC. The scheme was awarded to the participating Maybank Group employees who fulfil the eligibility criteria.

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

**Issuance of share capital**

There were no new share issuances by the Bank during the financial year ended 31 December 2022.

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**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:

Dr Hasnita Binti Dato' Hashim (Chairman)  
Goh Ching Yin  
Hans Johan Patrik Sandin  
Dato' Muzaffar Bin Hisham  
Dato' Abdul Hamid Bin Sh. Mohamed  
Dato' Sri Sharifah Sofianny Binti Syed Hussain  
Che Zakiah Binti Che Din

The names of the directors of subsidiaries of the Group in office since the beginning of the financial year to the date of the report are disclosed in Note 41 of the financial statements.

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Bank or any of its subsidiary 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 of the Bank or from the holding company or the fixed salary of a full-time employee of the holding company as shown in Note 29 to the financial statements) by reason of a contract made by the Bank or a related corporation with any 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.

The holding company, Maybank, maintained on a 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.

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**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 holding company, Maybank, during the financial year were as follows:

	<b>Number of ordinary shares</b>			
	<b>As at 1.1.2022</b>	<b>Issued pursuant to ESGP</b>	<b>Issued pursuant to Dividend Reinvestment Plan ("DRP")</b>	<b>As at 31.12.2022</b>
<b>Holding company</b>				
<b>Direct interest</b>				
Dato' Muzaffar Bin Hisham	305,591	54,600	-	360,191
Dato' Sri Sharifah Sofianny Binti Syed Hussain	233,144	-	4,076	237,220
Hans Johan Patrik Sandin	68,006	-	-	68,006

	<b>Number of ESGP shares</b>					
	<b>Award date</b>	<b>Outstanding as at 1.1.2022</b>	<b>Awarded</b>	<b>Vested</b>	<b>Forfeited</b>	<b>Outstanding as at 31.12.2022</b>
<b>Dato' Muzaffar Bin Hisham</b>						
	30.09.2019 - Second Grant	104,000	-	(54,600)	(49,400)	-
	30.09.2020 - Third Grant	104,000	-	-	-	104,000
	30.09.2021 - Fourth Grant	104,000	-	-	-	104,000
	30.09.2022 - Fifth Grant	-	104,000	-	-	104,000
		<u>312,000</u>	<u>104,000</u>	<u>(54,600)</u>	<u>(49,400)</u>	<u>312,000</u>

Total shares awarded to eligible employees at award date are based on assumption that Maybank Group and the eligible employees have met average performance targets. The vesting date is based on 3-year cliff vesting from grant date and the number of ESGP Shares to be vested is conditional upon fulfilling the vesting criteria.

None of the directors were awarded with CESGP during the financial year.

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

**Rating by external rating agency**

The Bank's long-term rating of AAA and short-term rating of P1 was reaffirmed by the Rating Agency Malaysia Berhad in December 2022.

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**Business outlook**

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

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

For Malaysian equities outlook, while fading reopening tailwinds and interest rate hikes may weigh on growth in 2023, market earnings expansion is nonetheless forecasted to strengthen in the absence of Prosperity Tax, GST, and subsidies restructuring this year. There may also be market impacts from robust FDI inflows, underpinned by supply chain relocation.

Investment banking and advisory deal activity is anticipated to pick up gradually in 1H FY2023 due to the reopening of China economy and weakening of US dollar. Equity capital market is expected to be muted given the current macroeconomic environment, which result in low visibility of company earnings, primarily driven by rising financing costs and input costs. Debt capital market is expected to remain active for bond financing for fiscal spending, infrastructure investment, and general expenditure.

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**Other statutory information**

- (a) Before the statements of financial position and statements of comprehensive income 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 allowance 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 not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render:
  - (i) the amount written-off as 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 the current assets in the financial statements of the Group and of the Bank misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.
- (f) In the opinion of the directors:
  - (i) no contingent 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, 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.



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**Compliance with Bank Negara Malaysia's Guidelines on Financial Reporting**

In the preparation of the financial statements of the Group and of the Bank, the directors have taken reasonable steps to ensure that Bank Negara Malaysia's Guidelines on Financial Reporting have been complied with, including those as set out in the Guidelines on Financial Reporting for Financial Institutions and the Guidelines on Classification and Impairment Provisions for Loans/Financing.

**Significant event**

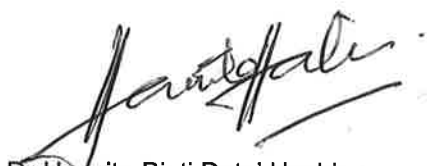
There are no significant adjusting events after the statements of financial position date up to the date when the financial statements are authorised for issuance.

**Auditors**

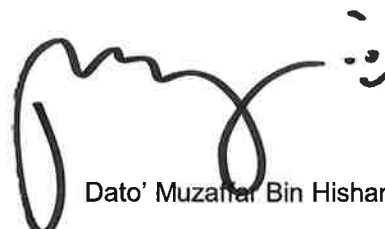
The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 24 February 2023.



Dr Hasnita Binti Dato' Hashim



Dato' Muzaffar Bin Hisham

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**Statement by Directors**  
**Pursuant to Section 251(2) of the Companies Act 2016**

We, Dr Hasnita Binti Dato' Hashim and Dato' Muzaffar Bin Hisham, being two of the directors of Maybank Investment Bank Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 15 to 181 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2022 and of the financial performance and the cash flows of the Group and of the Bank for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 24 February 2023.



Dr Hasnita Binti Dato' Hashim



Dato' Muzaffar Bin Hisham

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

I, Ezrina Binti Mahadzir, being the officer primarily responsible for the financial management of Maybank Investment Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 15 to 181, are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Ezrina Binti Mahadzir  
at Kuala Lumpur in the Federal Territory  
on 24 February 2023.



Ezrina Binti Mahadzir  
MIA 48198

Before me,



No. 59, Jalan Telawi  
Bangsar Baru  
59100 Kuala Lumpur

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**Shariah Committee's report**

In the Name of Allah, The Compassionate, The Most Merciful.

All Praise is due to Allah, the Cherisher of the Worlds, and peace and blessing be upon the Prophet of Allah, on his family and all his companions.

'Assalamualaikum Warahmatullahi Wabarakatuh'

To the shareholder and customers of Maybank Investment Bank Berhad ("the Bank"):

We, the members of the Shariah Committee of Maybank Islamic Berhad ("the Committee"), do hereby confirm that we have reviewed the principles and the contracts relating to the Islamic business transactions and applications introduced by the Bank from 1 January 2022 until 31 December 2022.

We have provided the Shariah advisory services on various aspects to the Bank in order to ensure compliance with applicable Shariah principles as well as the relevant resolutions and rulings made by the Shariah Advisory Councils of the regulatory bodies.

The Bank has carried out Shariah audit performed by Internal Audit Division and Shariah review by Shariah Review and Compliance throughout the organisation and the reports were deliberated in the Committee meetings. The Committee hereby confirms that appropriate efforts have been taken to rectify the Shariah gaps, and the Bank has also implemented several mechanism(s) to prevent similar Shariah gaps from recurring.

The Bank's management is responsible for ensuring that the Bank conducts its Islamic business in accordance with Shariah rules and principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank and to report to you.

We are of the opinion that:

- (a) The new products, business initiatives and enhanced processes introduced by the Islamic business of the Bank during the year ended 31 December 2022 that we have reviewed, are in compliance with the Shariah rules and principles;
- (b) Subject to paragraph (d) below, the contracts, transactions and dealings entered into by the Islamic business of the Bank during the year ended 31 December 2022 that we have reviewed, are in compliance with the Shariah rules and principles;
- (c) The main funding sources and investments of the Islamic business of the Bank disclosed to us conform to the basis that had been approved by us in accordance with the Shariah rules and principles;

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**Shariah Committee's report (cont'd.)**

We are of the opinion that: (cont'd.)

- (d) The Shariah non-compliance events and disposal of any earnings from prohibited sources/means by the Islamic business of the Bank during the year ended 31 December 2022 will be channelled to the donation/charity fund as disclosed in Note 37(c);
- (e) The financial statements of the Bank for the year ended 31 December 2022 together with the calculation of Zakat disclosed to us are in compliance with the Shariah rules and principles;
- (f) Nothing has come to our attention that causes the Bank to believe that the operations, business, affairs and activities of the Bank involve any material Shariah non-compliances; and
- (g) To the best of our knowledge and belief that the information provided is true and accurate.

We beg Allah the Almighty to grant us all the success and straight-forwardness and Allah knows best.



Prof. Dr. Aznan Hasan  
Chairman of the Committee



Dr. Akhtarzaite Abdul Aziz  
Member of the Committee

Kuala Lumpur, Malaysia  
24 February 2023

Co. Reg. No.: 197301002412

Independent auditors' report to the member of  
Maybank Investment Bank Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Maybank Investment Bank Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Bank, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 181.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2022, and of their financial performance and their cash flows for the 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.

Co. Reg. No.: 197301002412

**Independent auditors' report to the member of  
Maybank Investment Bank Berhad (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, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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

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

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

*Responsibilities of the directors for the financial statements*

The directors of the Bank are responsible for the preparation of 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.

Co. Reg. No.: 197301002412

Independent auditors' report to the member of  
Maybank Investment Bank Berhad (cont'd.)

*Auditors' responsibilities for the audit of the financial statements*

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

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

Co. Reg. No.: 197301002412

**Independent auditors' report to the member of  
Maybank Investment Bank Berhad (cont'd.)**

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- 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.

**Other matters**

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



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



Ng Sue Ean  
No. 03276/07/2024 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
24 February 2023



**Maybank Investment Bank Berhad**  
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**Statements of Financial Position as at 31 December 2022**

		<b>Group</b>	
	<b>Note</b>	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	5	1,098,279	919,242
Deposits and placements with a financial institution	6	434,806	658,039
Financial investments portfolio	7	1,482,735	1,378,634
Loans and advances	8	111,329	64,197
Derivative financial assets	9(i)	153,273	233,046
Other assets	10	605,853	520,796
Tax recoverable		24,550	19,927
Property, plant and equipment	13	2,998	3,913
Right-of-use assets	14	5,715	13,453
Intangible assets	15	10,131	8,673
Deferred tax assets	16	16,622	28,846
<b>Total assets</b>		<u>3,946,291</u>	<u>3,848,766</u>
<b>Liabilities</b>			
Deposits and placements from a financial institution	17	1,494,146	1,390,622
Derivative financial liabilities	9(ii)	410,637	127,038
Other liabilities	18	1,394,427	1,548,046
Provision for zakat		693	1,056
Subordinated obligation	19	35,055	35,055
<b>Total liabilities</b>		<u>3,334,958</u>	<u>3,101,817</u>
<b>Equity attributable to equity holder of the Bank</b>			
Share capital	20	222,785	222,785
Reserves	21	388,548	524,164
		<u>611,333</u>	<u>746,949</u>
<b>Total liabilities and shareholder's equity</b>		<u>3,946,291</u>	<u>3,848,766</u>
Commitments and contingencies	32	<u>2,386,502</u>	<u>2,978,845</u>

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

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**Statements of Financial Position as at 31 December 2022 (cont'd.)**

		<b>Bank</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	5	1,065,971	886,931
Deposits and placements with a financial institution	6	434,786	658,019
Financial investments portfolio	7	1,482,735	1,378,634
Loans and advances	8	111,329	64,197
Derivative financial assets	9(i)	153,273	233,046
Other assets	10	605,721	520,744
Tax recoverable		24,566	19,928
Investment in subsidiaries	11	197,267	197,267
Investment in a joint venture	12	-	-
Property, plant and equipment	13	2,998	3,913
Right-of-use assets	14	5,715	13,453
Intangible assets	15	10,131	8,673
Deferred tax assets	16	16,622	28,846
<b>Total assets</b>		<b><u>4,111,114</u></b>	<b><u>4,013,651</u></b>
<b>Liabilities</b>			
Deposits and placements from a financial institution	17	1,494,146	1,390,622
Derivative financial liabilities	9(ii)	410,637	127,038
Other liabilities	18	1,565,253	1,718,804
Provision for zakat		693	1,056
Subordinated obligation	19	35,055	35,055
<b>Total liabilities</b>		<b><u>3,505,784</u></b>	<b><u>3,272,575</u></b>
<b>Equity attributable to equity holder of the Bank</b>			
Share capital	20	222,785	222,785
Reserves	21	382,545	518,291
		<b><u>605,330</u></b>	<b><u>741,076</u></b>
<b>Total liabilities and shareholder's equity</b>		<b><u>4,111,114</u></b>	<b><u>4,013,651</u></b>
Commitments and contingencies	32	2,386,502	2,978,845

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

**Maybank Investment Bank Berhad**  
**(Co. Reg. No.: 197301002412)**  
**(Incorporated in Malaysia)**

**Statements of Comprehensive Income**  
**For the financial year ended 31 December 2022**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	22	25,913	22,108	25,387	21,669
Interest expense	23	(40,490)	(28,776)	(40,490)	(28,776)
Net interest expense		(14,577)	(6,668)	(15,103)	(7,107)
Income from Islamic Banking Scheme operations	37	42,870	51,327	42,870	51,327
Non-interest income	24	381,487	586,988	381,487	586,988
Direct costs	25	(34,238)	(74,848)	(34,238)	(74,848)
Net income		375,542	556,799	375,016	556,360
Overhead expenses	26	(298,376)	(298,184)	(298,259)	(298,062)
Operating profit		77,166	258,615	76,757	258,298
Writeback of impairment on loans and advances and other assets, net	27	337	1,656	337	1,656
		77,503	260,271	77,094	259,954
Share of results of a joint venture		-	(242)	-	-
Profit before taxation and zakat		77,503	260,029	77,094	259,954
Taxation and zakat	28	(20,415)	(59,569)	(20,302)	(59,477)
Profit for the year, attributable to equity holder of the Bank		57,088	200,460	56,792	200,477
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank	30	114	400		
Profit for the year		57,088	200,460	56,792	200,477
Other comprehensive income/(loss):					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Net gain on revaluation of financial assets at fair value through other comprehensive income		69	14	69	14
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net loss on foreign exchange translation		(166)	(85)	-	-
Other comprehensive (loss)/income for the year, net of tax		(97)	(71)	69	14
Total comprehensive income for the year, attributable to equity holder of the Bank		56,991	200,389	56,861	200,491

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

**Maybank Investment Bank Berhad**  
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**Statements of Changes in Equity**  
**For the financial year ended 31 December 2022**

Group	-----Non-distributable----->				Distributable	Total RM'000
	Share capital (Note 20) RM'000	Regulatory reserve (Note 21) RM'000	Fair value through other comprehensive income reserve (Note 21) RM'000	Exchange fluctuation reserve (Note 21) RM'000	Retained earnings (Note 21) RM'000	
<b>At 1 January 2022</b>	222,785	14,046	984	(241)	509,375	746,949
Profit for the year	-	-	-	-	57,088	57,088
Other comprehensive income/(loss)	-	-	69	(166)	-	(97)
Total comprehensive income/(loss) for the year	-	-	69	(166)	57,088	56,991
Transfer from regulatory reserve	-	(2,674)	-	-	2,674	-
Dividends (Note 36)	-	-	-	-	(192,607)	(192,607)
<b>At 31 December 2022</b>	<b>222,785</b>	<b>11,372</b>	<b>1,053</b>	<b>(407)</b>	<b>376,530</b>	<b>611,333</b>
<b>At 1 January 2021</b>	222,785	25,481	970	(156)	344,900	593,980
Profit for the year	-	-	-	-	200,460	200,460
Other comprehensive income/(loss)	-	-	14	(85)	-	(71)
Total comprehensive income/(loss) for the year	-	-	14	(85)	200,460	200,389
Transfer from regulatory reserve	-	(11,435)	-	-	11,435	-
Dividends (Note 36)	-	-	-	-	(47,420)	(47,420)
<b>At 31 December 2021</b>	<b>222,785</b>	<b>14,046</b>	<b>984</b>	<b>(241)</b>	<b>509,375</b>	<b>746,949</b>

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

**Maybank Investment Bank Berhad**  
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**Statements of Changes in Equity**  
**For the financial year ended 31 December 2022 (cont'd.)**

	<-----Non-distributable----->			Distributable	Total RM'000
	Share capital (Note 20) RM'000	Regulatory reserve (Note 21) RM'000	Fair value through other comprehensive income reserve (Note 21) RM'000	Retained earnings (Note 21) RM'000	
<b>Bank</b>					
<b>At 1 January 2022</b>	222,785	14,046	984	503,261	741,076
Profit for the year	-	-	-	56,792	56,792
Other comprehensive income	-	-	69	-	69
Total comprehensive income for the year	-	-	69	56,792	56,861
Transfer from regulatory reserve	-	(2,674)	-	2,674	-
Dividends (Note 36)	-	-	-	(192,607)	(192,607)
<b>At 31 December 2022</b>	<b>222,785</b>	<b>11,372</b>	<b>1,053</b>	<b>370,120</b>	<b>605,330</b>
<b>At 1 January 2021</b>	222,785	25,481	970	338,769	588,005
Profit for the year	-	-	-	200,477	200,477
Other comprehensive income	-	-	14	-	14
Total comprehensive income for the year	-	-	14	200,477	200,491
Transfer from regulatory reserve	-	(11,435)	-	11,435	-
Dividends (Note 36)	-	-	-	(47,420)	(47,420)
<b>At 31 December 2021</b>	<b>222,785</b>	<b>14,046</b>	<b>984</b>	<b>503,261</b>	<b>741,076</b>

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

**Maybank Investment Bank Berhad**  
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**Statements of Cash Flows**  
**For the financial year ended 31 December 2022**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
Profit before taxation and zakat		77,503	260,029	77,094	259,954
Adjustments for:					
Share of results of a joint venture		-	242	-	-
Depreciation of property, plant and equipment	26	1,772	2,032	1,772	2,032
Depreciation of right-of-use assets	26	8,348	8,358	8,348	8,358
Amortisation of computer software	26	2,543	3,229	2,543	3,229
Finance cost on lease liabilities	26	286	493	286	493
Writeback of loans and advances, net	27	(8)	(1)	(8)	(1)
Allowance for/(writeback of) impairment on other assets, net	27	101	(1,521)	101	(1,521)
Loss/(Gain) on foreign exchange revaluation	24	10,948	(3,982)	10,948	(3,982)
Gross dividends	24	(49,962)	(48,395)	(49,962)	(48,395)
Realised loss from sale of financial assets at fair value through profit or loss, net	24	158,150	26,072	158,150	26,072
Unrealised (gain)/loss on revaluation of financial assets at fair value through profit or loss, net	24	(56,121)	30,150	(56,121)	30,150
Realised (gain)/loss from sale of derivative financial instruments, net	24	(88,599)	96,549	(88,599)	96,549
Unrealised gain on revaluation of derivative financial instruments, net	24	(92,502)	(249,773)	(92,502)	(249,773)
Operating (loss)/profit before working capital changes		(27,541)	123,482	(27,950)	123,165

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

**Maybank Investment Bank Berhad**  
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**Statements of Cash Flows**  
**For the year ended 31 December 2022 (cont'd.)**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities (cont'd.)</b>					
Change in cash and short-term funds with original maturity more than three months		10,835	72,569	10,835	72,569
Change in deposits and placements with original maturity more than three months		138,748	(53,606)	138,748	(53,606)
Change in financial investments portfolio and derivative financial instruments		338,412	(226,278)	338,412	(226,278)
Change in loans and advances		(47,124)	87,545	(47,124)	87,545
Change in other assets		(85,768)	448,405	(85,688)	448,418
Change in deposits and placements from a financial institution		103,524	(489,579)	103,524	(489,579)
Change in other liabilities		(155,040)	(215,337)	(154,972)	(215,536)
Cash generated from/(used in) operations		276,046	(252,799)	275,785	(253,302)
Taxation and zakat paid, net		(13,177)	(63,205)	(13,079)	(63,107)
Net cash generated from/(used in) operating activities		262,869	(316,004)	262,706	(316,409)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	13	(857)	(879)	(857)	(879)
Purchase of intangible assets	15	(4,001)	(2,710)	(4,001)	(2,710)
Net dividends received		49,962	48,395	49,962	48,395
Net cash generated from investing activities		45,104	44,806	45,104	44,806

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

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**Statements of Cash Flows**  
**For the year ended 31 December 2022 (cont'd.)**

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from financing activities</b>					
Interest payment of subordinated obligation		(1,110)	(1,110)	(1,110)	(1,110)
Dividends paid		(192,607)	(47,420)	(192,607)	(47,420)
Repayment of lease liabilities	18	(8,703)	(8,788)	(8,703)	(8,788)
Net cash used in financing activities		<u>(202,420)</u>	<u>(57,318)</u>	<u>(202,420)</u>	<u>(57,318)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		105,553	(328,516)	105,390	(328,921)
<b>Cash and cash equivalents at beginning of the year</b>		963,686	1,292,306	931,355	1,260,276
<b>Effects of foreign exchange rate changes</b>		<u>(166)</u>	<u>(104)</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of the year</b>		<u>1,069,073</u>	<u>963,686</u>	<u>1,036,745</u>	<u>931,355</u>
Cash and cash equivalents comprise:					
Cash and short-term funds (Note 5)		1,098,279	919,242	1,065,971	886,931
Deposits and placements with a financial institution (Note 6)		<u>434,806</u>	<u>658,039</u>	<u>434,786</u>	<u>658,019</u>
		1,533,085	1,577,281	1,500,757	1,544,950
Less:					
Cash and short-term funds and deposits and placements with original maturity more than three months		<u>(464,012)</u>	<u>(613,595)</u>	<u>(464,012)</u>	<u>(613,595)</u>
		<u>1,069,073</u>	<u>963,686</u>	<u>1,036,745</u>	<u>931,355</u>

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



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**Notes to the Financial Statements - 31 December 2022**

**1. Corporate information**

The Bank is principally engaged in the investment banking business including Islamic Banking Scheme ("IBS") operations, provision of stockbroking services and related financial services. The principal activities of the subsidiaries are described in Note 11 to the financial statements.

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

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 32nd Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia.

The holding company of the Bank is Malayan Banking Berhad ("Maybank"), a licensed commercial bank incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 February 2023.

**2. Accounting policies**

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

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

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

The Group's and the Bank's financial statements also include separate disclosures on its IBS operations as disclosed in Note 37. IBS refers generally to acceptance of deposits, granting of financing, provision of stockbroking services and related financial services under the Shariah principles.

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

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**2. Accounting policies (cont'd.)**

**2.1 Basis of preparation and presentation of the financial statements (cont'd.)**

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 statement 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 investment in a joint venture as at 31 December 2022. Further details on the accounting policies for investment in subsidiaries and investment in a joint venture are disclosed in Note 2.3.

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

Subsidiaries 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 (3) elements of control.

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**2. Accounting policies (cont'd.)**

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

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.

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

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 interest 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 investment 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 ("OCI") to the income statement 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(c).

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**2. Accounting policies (cont'd.)**

**2.3 Summary of significant accounting policies**

**(a) Investment in subsidiaries**

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

In the Bank's separate financial statements, investment 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(k). 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 statement.

**(b) Investment in a joint venture**

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 investment in a joint venture is accounted for using the equity method. The joint venture is equity accounted for from the date the Group gains joint control until the date the Group ceases to have joint control over the joint venture.

Under the equity method, investment in a joint venture 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 joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of such changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the investment in the joint venture. The Group's share of profit or loss in the joint venture is shown on the face of the consolidated income statement. The Group's share of profit or loss in joint ventures represents profit or loss after tax of the joint ventures.

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

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**2. Accounting policies (cont'd.)**

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

**(b) Investment in a joint venture (cont'd.)**

The financial statements of the joint venture is 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 investment in a joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying amount, then recognises the amount as 'share of results of a joint venture' in the consolidated income statement.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

Additional information on interest in a joint venture and details of a joint venture is disclosed in Note 12.

**(c) 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 interests 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 are 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 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.

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**2. Accounting policies (cont'd.)**

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

**(c) Business combination and goodwill (cont'd.)**

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 interest 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 statement.

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 unit ("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(k).

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 in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

**(d) Intangible assets**

In addition to goodwill, intangible assets also include license and computer software. 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 at the date of acquisition. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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**2. Accounting policies (cont'd.)**

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

**(d) Intangible assets (cont'd.)**

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

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

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the 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:

	<b>Amortisation methods used</b>	<b>Useful economic lives</b>
Computer software	Straight-line	3 to 10 years
License fee	No amortisation	Indefinite
Software in progress	No amortisation	Indefinite

**(e) Financial assets**

**(i) Date of recognition**

All the 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.

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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

(ii) Initial recognition and subsequent measurement

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.

Business model

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

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

- How the performance of the business model 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 and of 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.



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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

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

Solely payments of principal and interest ("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 within a lending arrangement are typically the consideration for the time value of money and credit risk. In making the SPPI assessment, the Group and the Bank apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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

Included in financial assets are the following:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

(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, loans and advances and other assets as disclosed in the respective notes to the financial statements. These financial assets are initially recognised at fair value, including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest method, less any accumulated impairment losses.

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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

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

(2) Fair value through other comprehensive income ("FVOCI")

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 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 off 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 assets at FVOCI are unquoted shares in Malaysia.

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

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

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

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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

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

(3) Financial assets at fair value through profit or loss ("FVTPL") (cont'd.)

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

Included in financial assets at FVTPL are derivatives and equities.

(iii) Derecognition

A financial asset is derecognised when:

(1) The rights to receive cash flows from the financial asset have expired; or

(2) The Group and the Bank have transferred its rights to receive cash flows from the financial asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either:

(i) the Group and the Bank have transferred substantially all the risks and rewards of the financial asset; or

(ii) the Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the financial asset, but have transferred control of the financial asset.

(iv) Impairment of financial assets

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which include loans and advances 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*.

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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

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

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

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

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

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

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

(2) ECL measurement

There are three (3) main components to measure ECL which are a probability of default model ("PD"), a loss given default model ("LGD") and the exposure at default model ("EAD"). The model is to leverage as much as possible the Group's and the Bank's existing Basel II models and performed the required adjustments to produce 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 measure the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant, and collectively assess for other financial assets per Maybank Group's policy.

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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

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

(3) Expected life

Lifetime ECL must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options.

(4) Forward looking information

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

(5) Valuation for Stage 3 ECL

Stage 3 accounts are written-off when identified, after taking into consideration the realisable value of collaterals, if any, when in the judgement of management, there is no prospect of recoveries.

The Group and the Bank assess at each reporting date whether there is any objective evidence that a financial asset, including security or a group of securities (other than financial assets at FVTPL) is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one (1) or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers experiencing significant financial difficulty, the probability that they will enter bankruptcy or other reorganisation, default or delinquency in interest/profit or principal payments or where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

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

(1) Loans and receivables

(a) Loans and advances

*Classification of loans and advances as impaired*

Loans and advances are classified as impaired when:

- Principal or interest/profit or both are past due for more than three (3) months; or
- Loans and advances in arrears for less than three (3) months which exhibit indications of credit weaknesses; or
- Impaired loans and advances have been rescheduled or restructured, the loans and advances will continue to be classified as impaired until based on the rescheduled or restructured terms have been repayments observed continuously for a period of six (6) months; or
- Default occurs for repayments scheduled on intervals of three (3) months or longer.

*Impairment process – Stage 3*

The Group and the Bank assess if objective evidence of impairment exists for loans and advances which are deemed to be individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the carrying amount of the loans and advances and the present value of the estimated future cash flows discounted at the original effective interest rate of the loans and advances. The carrying amount of the loans and advances is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the income statement.

*Impairment process – subsequent measurement*

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or written back by adjusting the allowances for impairment losses on loans and advances.

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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

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

(1) Loans and receivables (cont'd.)

(a) Loans and advances (cont'd.)

Impairment process – written-off accounts

When there is no realistic prospect of future recovery, the loans and advances are written-off against the related allowance for loan impairment. Such loans and advances are written-off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts which were previously written-off are recognised in the income statement under the caption of 'allowances for impairment losses on loans and advances'.

(b) Amount due from brokers and clients

Amount due from brokers and clients are carried at anticipated realisable values. Impaired accounts are written off when identified, after taking into consideration the realisable value of collaterals, if any, when in the judgement of the management, there is no prospect of recoveries.

Individual assessment impairment allowances are made for accounts which are considered doubtful or which have been classified as impaired, net of interest-in-suspense and after taking into consideration any collaterals held by the Group and the Bank. The carrying amount of the accounts is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the income statement.

When an account is classified as impaired, interest is suspended and forms part of the individual assessment impairment allowances.

Clients' accounts are classified as impaired as follows:

<u>Types of accounts</u>	<u>Criteria for classification as impaired</u>
Margin financing	When the account's equity value falls below 130% of its outstanding balance.
Contra losses	When the account remains outstanding for 5 calendar days or more from the date of contra transaction.
Overdue purchase contracts	When the account remains outstanding from T+5 market days onwards.

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**2. Accounting policies (cont'd.)**

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

**(e) Financial assets (cont'd.)**

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

(1) Loans and receivables (cont'd.)

(c) Other receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Bank consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the profit and loss.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the financial asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(v) 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.



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**2. Accounting policies (cont'd.)**

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

**(f) Financial liabilities**

**(i) 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.

**(ii) 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 ("HFT") and financial liabilities designated upon initial recognition at FVTPL.

**Financial liabilities HFT**

Financial liabilities are classified as HFT 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 HFT are recognised in the income statements.

**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 not designated any financial liabilities at FVTPL.

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**2. Accounting policies (cont'd.)**

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

**(f) Financial liabilities (cont'd.)**

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

(2) Other financial liabilities

The Group's and the Bank's other financial liabilities include deposits and placements from a financial institution, payables, amount due to brokers and clients, subordinated obligation and other liabilities excluding provisions and accruals.

(a) Deposits and placements from a financial institution

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

(b) 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 obligations.

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 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 method.

(c) Payables and amount due to brokers and clients

Payables and amount due to brokers and clients are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(d) 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.

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**2. Accounting policies (cont'd.)**

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

**(f) Financial liabilities (cont'd.)**

(iii) 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.

**(g) 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 40.

**(h) 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, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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 property, 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.

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**2. Accounting policies (cont'd.)**

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

**(h) Property, plant and equipment and depreciation (cont'd.)**

Depreciation of 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 equipment, furniture and fittings	10% - 25%
Data processing equipment	25%
Office renovation	20%
Motor vehicles	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 13.

**(i) Cash and short-term funds**

Cash and short-term funds in the statements of financial position comprise cash and bank balances and deposit and placements with financial institutions 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 the original maturity of three (3) months or less.

**(j) Other assets**

Included in other assets are assets 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.

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**2. Accounting policies (cont'd.)**

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

**(k) 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. Where 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.

In assessing value-in-use, 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.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that the 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 or CGU'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.

**(l) 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.

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 income statements.

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**2. Accounting policies (cont'd.)**

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

**(m) Foreign currencies**

(i) 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.

(ii) 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 ruling 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 exchange fluctuation reserve in equity.

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 directly in other comprehensive income.

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**2. Accounting policies (cont'd.)**

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

**(m) Foreign currencies (cont'd.)**

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency 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 statement of comprehensive income are translated at average exchange rates for the financial year; and
- All resulting exchange differences are taken directly to other comprehensive income through the exchange fluctuation reserve.

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

**(n) Income and deferred taxes and zakat**

(i) 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 expense is determined according to the tax laws of each jurisdiction in which the Bank and its subsidiaries operate and generate taxable income.

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

Details of income taxes for the Group and the Bank are disclosed in Note 28.

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**2. Accounting policies (cont'd.)**

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

**(n) Income and deferred taxes and zakat (cont'd.)**

(ii) 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.



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**2. Accounting policies (cont'd.)**

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

**(n) Income and deferred taxes and zakat (cont'd.)**

(ii) Deferred tax (cont'd.)

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

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

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

(iii) Zakat

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

**(o) Leases**

(i) Classification

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement 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.

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**2. Accounting policies (cont'd.)**

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

**(o) Leases (cont'd.)**

(ii) 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 lease, except for short-term leases and leases of low value assets. The Group and the Bank recognises leases liabilities to make lease payments and right-of-use asset representing the right of using 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 is reasonably certain to exercise that option. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use 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(k).

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.

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**2. Accounting policies (cont'd.)**

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

**(o) Leases (cont'd.)**

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

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

Lease liabilities (cont'd.)

In calculating the present value of lease payments, the Group and the Bank use incremental borrowing rate at the commencement date if the interest 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 and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

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

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

**(p) Interest/profit income and expense**

Interest/profit income from financial assets classified as financial investments at amortised cost and loans and advances are recognised in the income statement under the caption of 'interest income' using the effective interest method. Interest/profit income from financial liability classified as deposits and placements from a financial institution are recognised in the income statements under the caption 'interest expense' using effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest/profit rate 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 effective interest/profit rate, 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 effective interest/profit rate, but does not consider future credit losses.

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**2. Accounting policies (cont'd.)**

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

**(p) 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 income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Profit income and expense from IBS operations is recognised on an accrual basis in accordance with the principles of Shariah.

**(q) 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.

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**2. Accounting policies (cont'd.)**

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

**(q) Fair value measurement (cont'd.)**

All assets and liabilities for which fair value is 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 of financial instruments traded in active market at the reporting date is based on their quoted (unadjusted) market prices or dealer price quotations.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques.

The fair value hierarchies of financial instruments and non-financial assets that are measured at fair value are disclosed in Note 38(c).

The fair value hierarchies of financial assets and financial liabilities that are not measured at fair value are disclosed and are presented in Note 38(d).

**(r) Recognition of fee and other income**

Revenue is recognised to the extent that it is probable that the economic benefit associated with the transactions will flow to the Group and the Bank and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Bank expect to be entitled based on a legally enforceable contract with a customer excluding payments such as taxes collected in behalf of third parties, in exchange for those goods or services.

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**2. Accounting policies (cont'd.)**

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

**(r) Recognition of fee and other income (cont'd.)**

The Group and the Bank have generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The following describes the performance obligations in contracts with customers:

- (i) Brokerage income is recognised upon execution of trade contracts.
- (ii) Arranger fees, upfront fees, placement fees, underwriting commission and other fee income are recognised based on the contractual arrangements.
- (iii) Corporate advisory fees earned from the capital market activities are accrued over the period of services rendered.
- (iv) Trading income include results arising from trading activities and gains and losses from changes in fair value for financial assets at FVTPL and financial liabilities at FVTPL.
- (v) 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.

**(s) Employee benefits**

- (i) 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.

- (ii) Defined contribution plan

As required by law, the Bank and its Malaysia subsidiaries make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statements when incurred.

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**2. Accounting policies (cont'd.)**

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

**(s) Employee benefits (cont'd.)**

(iii) Share-based compensation

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

The ESGP Shares is awarded to the eligible Executive Directors and employees of the participating Maybank Group. 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 Maybank Group NRC.

The total fair value of ESGP Shares granted to employees is recognised as 'personnel expenses' under caption of "ESS Expense". 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) Maybank Group Cash-settled Performance-based Employees' Share Grant Plan ("CESGP")

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

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

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

**(t) Share capital and dividends declared**

Ordinary shares are classified as equity when there is no contracted obligation to transfer cash on other financial assets. Transaction cost 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.

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**2. Accounting policies (cont'd.)**

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

**(u) 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 discloses its existence where 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 of 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. Contingent liabilities are disclosed, unless the probability of outflow of economic benefits is remote.

**(v) Earnings per share ("EPS")**

The Group presents basic and diluted (where applicable) earnings per share ("EPS") for income statements 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.

**(w) 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 the person or a group of people that is responsible to allocate resources to and assess the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision-maker.

All transactions between business segments (intra-segment revenue and costs) are being eliminated at the 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 35.



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**2. Accounting policies (cont'd.)**

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

**(x) Monies held-in-trust by Participating Organisation of Bursa Malaysia Securities Berhad (“FRSIC Consensus 18”)**

FRSIC Consensus 18 was developed by the Financial Reporting Standards Implementation Committee (“FRSIC”) and issued by the Malaysian Institute of Accountants on 18 September 2012. FRSIC Consensus 18 has been applied in the financial statements of the Group and of the Bank relating to monies in the trust accounts held by entities within the Group and the Bank that is a participating organisation of Bursa Malaysia Securities Berhad or a participating member of equivalent stock exchanges in the respective countries.

In accordance with FRSIC Consensus 18, monies held-in-trust by a participating organisation are not recognised as part of the entity's assets with the corresponding liabilities as the entity neither has control over the trust monies to obtain the future economic benefits embodied in the trust monies nor has any contractual or statutory obligation to its clients on the money deposited in the trust account that would result in an outflow of resources embodying economic benefits from the entity. This accounting treatment is consistent with the definition of assets and liabilities as defined in the *Conceptual Framework for Financial Reporting* under the MFRS Framework.

The Group and the Bank have disclosed the carrying amounts of the monies held-in-trust for clients as at the reporting date in Note 5.

**2.4 Changes in accounting policies and disclosures**

**(a) New and amended standards and interpretations**

On 1 January 2022, the Group and the Bank adopted the following amendments to MFRSs:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Annual Improvements to MFRSs 2018 - 2020 Cycle	
(i) MFRS 1 <i>First time Adoption of International Financial Reporting Standards</i>	1 January 2022
(ii) MFRS 9 <i>Financial Instruments</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 3 <i>Business Combination - Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract - Cost of Fulfilling a Contract</i>	1 January 2022

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**2. Accounting policies (cont'd.)**

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

(a) New and amended standards and interpretations (cont'd.)

Adoption of the above standards and annual improvements to standards do not have any significant financial impact on the financial statements of the Group and of the Bank.

(b) Standards and annual improvements to standards issued but not yet effective

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101 <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 16 <i>Leases - Lease Liability in a Sale and Leaseback</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 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

Adoption of the above standards and annual improvements to standards is not expected to have any material impact on the financial statements of the Group and of the Bank in the period of initial application.

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**3. Significant changes in regulatory requirements**

**(i) Measures to assist borrowers/customers affected by COVID-19 pandemic**

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

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

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

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

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

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

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**3. Significant changes in regulatory requirements (cont'd.)**

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

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

- (i) Enhanced targeted repayment assistance under Perlindungan Ekonomi dan Rakyat Malaysia ("PERMAI");
- (ii) Targeted repayment assistance under Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan ("PEMERKASA+"); and
- (iii) Six-month moratorium under Pakej Perlindungan Rakyat dan Pemulihan Ekonomi ("PEMULIH").

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

**4. Significant accounting judgements, estimates and assumptions**

**(a) 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.

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**4. Significant accounting judgements, estimates and assumptions (cont'd.)**

- (b) Fair value estimation of financial assets at FVTPL (Note 7(i)), financial assets at FVOCI (Note 7(ii)) and derivative financial instruments (Note 9)

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

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

- (c) Impairment of financial investments portfolio (Note 7)

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

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

- (i) Determination whether the investment is impaired based on certain indicators such as, amongst others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of ECL that reflect:
- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - (b) The time value of money; and
  - (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- (d) Impairment losses on loans and advances (Note 8(vii))

The Group and the Bank review their significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. 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.

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**4. Significant accounting judgements, estimates and assumptions (cont'd.)**

(e) Impairment of investment in subsidiaries (Note 11)

The Group and the Bank assess whether there is any indication that investment subsidiaries 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 are as follows:

- (i) The Group and the Bank determine 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 outcome based on certain past trends.

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**4. Significant accounting judgements, estimates and assumptions (cont'd.)**

- (e) Impairment of investment in subsidiaries (Note 11) (cont'd.)

Sensitivity to changes in assumptions

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

- (f) Deferred tax (Note 16) and income taxes (Note 28)

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.

The Group and the Bank are subject to income taxes in Malaysia and Philippines and significant judgement is required in estimating the provision for income taxes. 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.

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**5. Cash and short-term funds**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances with financial institutions	368,087	218,051	362,810	211,258
Deposit and placements maturing within one month	730,192	701,191	703,161	675,673
	<u>1,098,279</u>	<u>919,242</u>	<u>1,065,971</u>	<u>886,931</u>

The monies held-in-trust for clients by the Group and by the Bank as at the reporting date are RM535,741,000 (2021: RM526,630,000). These amounts are excluded from the cash and short-term funds of the Group and of the Bank in accordance with FRSIC Consensus 18 Monies Held-in-Trust by Participating Organisation at Bursa Malaysia Securities Berhad.

**6. Deposits and placements with a financial institution**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed bank	434,806	658,039	434,786	658,019

**7. Financial investments portfolio**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial assets at fair value through profit or loss (Note (i))	1,481,482	1,377,450
Financial assets at fair value through other comprehensive income (Note (ii))	1,253	1,184
	<u>1,482,735</u>	<u>1,378,634</u>

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

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Quoted financial assets:</b>		
Shares in Malaysia	936,567	877,166
Shares outside Malaysia	544,915	500,284
	<u>1,481,482</u>	<u>1,377,450</u>



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**7. Financial investments portfolio (cont'd.)**

(ii) Financial assets at fair value through other comprehensive income

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted financial assets:</b>		
Shares in Malaysia	1,253	1,184

**8. Loans and advances**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Term loans:		
- Other term loans	51,128	-
Amount due from brokers and clients (Note a):		
- Margin accounts	13,246	19,706
Staff loans	47,138	44,682
Gross loans and advances	<u>111,512</u>	<u>64,388</u>
Less: Allowance for impairment losses		
ECL allowances:		
- Stage 1 - 12 Months ECL	(11)	(19)
- Stage 3 - Lifetime ECL credit impaired	(172)	(172)
Net loans and advances	<u>111,329</u>	<u>64,197</u>

(a) Amount due from brokers and clients relate to outstanding purchase contracts entered into on behalf of clients on margin, contra gains and losses, other fees and charges.

The trade credit terms for margin accounts are set in accordance with the terms of the respective margin agreements.

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**8. Loans and advances (cont'd.)**

(i) Loans and advances analysed by types of customers are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises:		
- Others	59,252	9,781
Individuals	52,260	54,607
Gross loans and advances	111,512	64,388

(ii) Loans and advances analysed by interest rate sensitivity are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
- Housing loans	35,757	32,831
- Hire purchase receivables	11,356	11,795
- Other fixed rate loans	25	56
Variable rate:		
- Base lending rate ("BLR") plus	13,246	19,706
- Cost plus	51,128	-
Gross loans and advances	111,512	64,388

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

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	13,246	19,706
Purchase of transport vehicles	11,356	11,795
Purchase of residential landed property	35,757	32,831
Personal use	25	56
Others	51,128	-
Gross loans and advances	111,512	64,388

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**8. Loans and advances (cont'd.)**

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

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	65,842	20,719
More than one year to three years	5,868	5,282
More than three years to five years	6,418	7,928
More than five years	33,384	30,459
Gross loans and advances	<u>111,512</u>	<u>64,388</u>

(v) Movements in gross impaired loans and advances are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	673	832
Impaired during the year	297	1
Amount recovered	(15)	(160)
Gross impaired loans and advances	<u>955</u>	<u>673</u>
Less: - Stage 3 - Lifetime ECL credit impaired	<u>(172)</u>	<u>(172)</u>
Net impaired loans and advances at 31 December	<u>783</u>	<u>501</u>
Ratio of net impaired loans and advances as a percentage of gross loans and advances less Stage 3 - Lifetime ECL credit impaired	<u>0.70%</u>	<u>0.78%</u>

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

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of transport vehicles	172	172
Purchase of residential landed property	783	501
Gross impaired loans and advances	<u>955</u>	<u>673</u>

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**8. Loans and advances (cont'd.)**

(vii) Movements in the allowance for impairment losses are as follows:

<b>Group and Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12 Month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2022	19	-	172	191
Amount written-back, net (Note 27)	(8)	-	-	(8)
<b>At 31 December 2022</b>	<b>11</b>	<b>-</b>	<b>172</b>	<b>183</b>
At 1 January 2021	20	-	172	192
Amount written-back, net (Note 27)	(1)	-	-	(1)
<b>At 31 December 2021</b>	<b>19</b>	<b>-</b>	<b>172</b>	<b>191</b>

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

- Gross carrying amount increased mainly arising from new term loan disbursed during the year, and partially offset by the settlements of margin accounts.

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**9. Derivative financial instruments**

(i) Derivative financial assets

	<b>Group and Bank</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Notional amount RM'000</b>	<b>Fair value RM'000</b>	<b>Notional amount RM'000</b>	<b>Fair value RM'000</b>
<b>Hedging derivatives</b>				
<b>Equity-related derivatives:</b>				
Equity options				
- Less than one year	935,172	134,264	1,465,967	198,340
- One to three years	51,799	2,355	125,560	9,016
Equity swaps				
- Less than one year	183,480	16,654	234,613	25,690
	<b>1,170,451</b>	<b>153,273</b>	<b>1,826,140</b>	<b>233,046</b>

(ii) Derivative financial liabilities

	<b>Group and Bank</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Notional amount RM'000</b>	<b>Fair value RM'000</b>	<b>Notional amount RM'000</b>	<b>Fair value RM'000</b>
<b>Hedging derivatives</b>				
<b>Equity-related derivatives:</b>				
Equity options				
- Less than one year	487,349	245,259	399,863	85,748
- One to three years	79,477	83,340	2,000	2,021
Equity swaps				
- Less than one year	369,561	82,038	232,652	39,269
	<b>936,387</b>	<b>410,637</b>	<b>634,515</b>	<b>127,038</b>

(iii) The Group and the Bank have recognised the fair value changes on the derivative financial assets and derivative financial liabilities as follows (Note 24):

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Equity-related derivatives:</b>		
Index futures	16	-
Equity options	144,291	197,253
Equity swaps	(51,805)	52,520
	<b>92,502</b>	<b>249,773</b>

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**10. Other assets**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from brokers and clients (Note a)		
- Non-margin accounts	424,284	308,589
Amount due from holding company	3,083	-
Other debtors, deposits and prepayments	189,600	223,313
	<u>616,967</u>	<u>531,902</u>
Less: Allowance for impairment losses (Note b)	(11,114)	(11,106)
	<u>605,853</u>	<u>520,796</u>
	<b>Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from brokers and clients		
- Non-margin accounts (Note a)	424,284	308,589
Amount due from holding company	3,083	-
Other debtors, deposits and prepayments	189,468	223,261
	<u>616,835</u>	<u>531,850</u>
Less: Allowance for impairment losses (Note b)	(11,114)	(11,106)
	<u>605,721</u>	<u>520,744</u>

- (a) Amount due from brokers and clients relate to outstanding purchase contracts entered into on behalf of clients, contra losses, other fees and charges.

The trade settlement is 2 market days (2021: 2 market days) in accordance to the Bursa Malaysia Securities Berhad Fixed Delivery and Settlement System ("FDSS") trading rules.

Included in the amount due from brokers and clients are gross balances of impaired accounts as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Classified as impaired	<u>2,959</u>	<u>3,804</u>

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**10. Other assets (cont'd.)**

- (b) Analysis of changes in gross carrying amount and the corresponding allowances for impairment losses on other assets are as follows:

Changes in the gross carrying amount of the other assets that contributed to the changes in the loss allowances were mainly due to additional allowances made for other receivables.

Group and Bank	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	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	-	-	11,106	11,106
Net remeasurement of allowances (Note 27)	-	-	101	101
Amount written-off	-	-	(93)	(93)
At 31 December 2022	-	-	11,114	11,114
At 1 January 2021	-	-	12,638	12,638
Net remeasurement of allowances (Note 27)	-	-	(1,521)	(1,521)
Amount written-off	-	-	(11)	(11)
At 31 December 2021	-	-	11,106	11,106

**11. Investment in subsidiaries**

	Bank	
	2022 RM'000	2021 RM'000
Unquoted shares in Malaysia, at cost	227,267	227,267
Less: Accumulated impairment losses	(30,000)	(30,000)
	197,267	197,267

Name of subsidiaries	Country of incorporation/ Principal place of business	Percentage of ownership interest held (%)		Principal activities
		2022	2021	
<b>Held by the Bank:</b>				
Maybank Securities Nominees (Tempatan) Sdn Bhd	Malaysia	100	100	Nominee services

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**11. Investment in subsidiaries (cont'd.)**

Name of subsidiaries	Country of incorporation/ Principal place of business	Percentage of ownership interest held (%)		Principal activities
		2022	2021	
<b>Held by the Bank (cont'd.):</b>				
Maybank Securities Nominees (Asing) Sdn Bhd	Malaysia	100	100	Nominee services
Maysec Sdn Bhd	Malaysia	100	100	Investment holding
<b>Held through Maysec Sdn Bhd:</b>				
Phileo Allied Securities (Philippines) Inc. (Note a)	Philippines	100	100	In voluntary liquidation

(a) No audit required as the entity is under member's voluntary liquidation.

**12. Investment in a joint venture**

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	21,935	21,935	21,935	21,935
Share of post-acquisition reserves, net of dividends	(13,996)	(13,996)	(13,996)	-
	<u>7,939</u>	<u>7,939</u>	<u>7,939</u>	<u>21,935</u>
Less: Accumulated impairment losses	(7,939)	(7,939)	(7,939)	(21,935)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Represented by the Group's and the Bank's share of: Net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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**12. Investment in a joint venture (cont'd.)**

(a) Details of the joint venture are as follows:

Name of joint venture	Country of incorporation/ Principal place of business	Percentage of ownership interest held (%)		Principal activities
		2022	2021	
Anfaal Capital	Kingdom of Saudi Arabia	35.33	35.33	Investment banking

The joint venture has the same reporting period as the Group and is no longer accounted using the equity method as it is currently undergoing liquidation.

(b) The summarised financial information of the joint venture is as follows:

	2022 RM'000	2021 RM'000
<b>Statement of financial position</b>		
Current assets	-	483
Non-current assets	-	2
Total assets	-	485
Current liabilities	-	892
Non-current liabilities	-	739
Total liabilities	-	1,631
Net assets	-	(1,146)
<b>Statement of comprehensive income</b>		
Loss after taxation	-	(2,795)

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in a joint venture is as follows:

	2022 RM'000	2021 RM'000
Net assets at 1 January	-	1,595
Loss for the year	-	(2,795)
Foreign exchange reserve	-	54
Net assets at 31 December	-	(1,146)
Interest in a joint venture	-	35.33%
Group's interest in a joint venture	-	-

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**13. Property, plant and equipment**

<b>Group and Bank</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Data processing equipment RM'000</b>	<b>Office renovation RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>31 December 2022</b>						
<b>Cost</b>						
At 1 January 2022	21,420	18,395	24,325	1,741	44	65,925
Additions	203	82	-	-	572	857
Disposals	-	(16)	-	-	-	(16)
At 31 December 2022	<u>21,623</u>	<u>18,461</u>	<u>24,325</u>	<u>1,741</u>	<u>616</u>	<u>66,766</u>
<b>Less: Accumulated depreciation</b>						
At 1 January 2022	20,503	17,629	22,566	1,314	-	62,012
Charge for the year (Note 26)	260	426	982	104	-	1,772
Disposals	-	(16)	-	-	-	(16)
At 31 December 2022	<u>20,763</u>	<u>18,039</u>	<u>23,548</u>	<u>1,418</u>	<u>-</u>	<u>63,768</u>
<b>Net carrying amount</b>						
At 31 December 2022	<u>860</u>	<u>422</u>	<u>777</u>	<u>323</u>	<u>616</u>	<u>2,998</u>

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**13. Property, plant and equipment (cont'd.)**

<b>Group and Bank</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Data processing equipment RM'000</b>	<b>Office renovation RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>31 December 2021</b>						
<b>Cost</b>						
At 1 January 2021	21,260	18,339	23,806	1,219	422	65,046
Additions	160	56	141	522	-	879
Transfer between categories	-	-	378	-	(378)	-
At 31 December 2021	<u>21,420</u>	<u>18,395</u>	<u>24,325</u>	<u>1,741</u>	<u>44</u>	<u>65,925</u>
<b>Less: Accumulated depreciation</b>						
At 1 January 2021	20,166	17,078	21,518	1,218	-	59,980
Charge for the year (Note 26)	337	551	1,048	96	-	2,032
At 31 December 2021	<u>20,503</u>	<u>17,629</u>	<u>22,566</u>	<u>1,314</u>	<u>-</u>	<u>62,012</u>
<b>Net carrying amount</b>						
At 31 December 2021	<u>917</u>	<u>766</u>	<u>1,759</u>	<u>427</u>	<u>44</u>	<u>3,913</u>

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**14. Right-of-use assets**

	<b>Group and Bank</b>	
	<b>Premises</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2022</b>		
<b>Cost</b>		
At 1 January 2022	38,390	38,390
Additions	610	610
At 31 December 2022	39,000	39,000
<b>Less: Accumulated depreciation</b>		
At 1 January 2022	24,937	24,937
Charge for the year (Note 26)	8,348	8,348
At 31 December 2022	33,285	33,285
<b>Net carrying amount</b>		
At 31 December 2022	5,715	5,715
<b>31 December 2021</b>		
<b>Cost</b>		
At 1 January 2021	24,510	24,510
Additions	13,880	13,880
At 31 December 2021	38,390	38,390
<b>Less: Accumulated depreciation</b>		
At 1 January 2021	16,579	16,579
Charge for the year (Note 26)	8,358	8,358
At 31 December 2021	24,937	24,937
<b>Net carrying amount</b>		
At 31 December 2021	13,453	13,453

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**15. Intangible assets**

<b>Group and Bank</b>	<b>License RM'000</b>	<b>Computer software RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>31 December 2022</b>				
<b>Cost</b>				
At 1 January 2022	1,963	45,946	3,252	51,161
Additions	-	302	3,699	4,001
Transfer between categories	-	2,704	(2,704)	-
At 31 December 2022	<u>1,963</u>	<u>48,952</u>	<u>4,247</u>	<u>55,162</u>
<b>Less: Accumulated amortisation</b>				
At 1 January 2022	-	42,488	-	42,488
Charge for the year (Note 26)	-	2,543	-	2,543
At 31 December 2022	<u>-</u>	<u>45,031</u>	<u>-</u>	<u>45,031</u>
<b>Net carrying amount</b>				
At 31 December 2022	<u>1,963</u>	<u>3,921</u>	<u>4,247</u>	<u>10,131</u>

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**15. Intangible assets (cont'd.)**

<b>Group and Bank</b>	<b>License RM'000</b>	<b>Computer software RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021	1,963	44,416	2,072	48,451
Additions	-	644	2,066	2,710
Transfer between categories	-	886	(886)	-
At 31 December 2021	<u>1,963</u>	<u>45,946</u>	<u>3,252</u>	<u>51,161</u>
<b>Less: Accumulated amortisation</b>				
At 1 January 2021	-	39,259	-	39,259
Charge for the year (Note 26)	-	3,229	-	3,229
At 31 December 2021	<u>-</u>	<u>42,488</u>	<u>-</u>	<u>42,488</u>
<b>Net carrying amount</b>				
At 31 December 2021	<u>1,963</u>	<u>3,458</u>	<u>3,252</u>	<u>8,673</u>

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**16. Deferred taxation**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	28,846	28,356
Recognised in profit or loss (Note 28)	(12,224)	490
At 31 December	16,622	28,846

Presented prior to offsetting as follows:

Deferred tax assets	17,756	29,945
Deferred tax liabilities	(1,134)	(1,099)

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 tax authority.

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

Deferred tax assets of the Group and of the Bank:

	<b>Provision for liabilities RM'000</b>
At 1 January 2022	29,945
Recognised in profit or loss	(12,189)
At 31 December 2022	17,756
At 1 January 2021	29,288
Recognised in profit or loss	657
At 31 December 2021	29,945

Deferred tax liabilities of the Group and of the Bank:

	<b>Accelerated capital allowance RM'000</b>
At 1 January 2022	(1,099)
Recognised in profit or loss	(35)
At 31 December 2022	(1,134)
At 1 January 2021	(932)
Recognised in profit or loss	(167)
At 31 December 2021	(1,099)

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**17. Deposits and placements from a financial institution**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed bank	1,494,146	1,390,622

**18. Other liabilities**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Provisions and accruals	71,813	109,480
Amount due to brokers and clients (Note a)	416,939	251,946
Provision for contingent liability	-	4,500
Deposits and other creditors	804,438	1,059,112
Lease liabilities (Note b)	5,882	13,758
Amount due to:		
- Holding company	86,712	90,966
- Related companies	8,643	18,284
	<u>1,394,427</u>	<u>1,548,046</u>

	<b>Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Provisions and accruals	71,805	109,296
Amount due to brokers and clients (Note a)	416,939	251,946
Provision for contingent liability	-	4,500
Deposits and other creditors	803,798	1,058,580
Lease liabilities (Note b)	5,882	13,758
Amount due to:		
- Holding company	86,712	90,966
- Related companies	8,643	18,284
- Subsidiaries	171,474	171,474
	<u>1,565,253</u>	<u>1,718,804</u>

- (a) Amount due to brokers and clients represent net amount payable to margin and non-margin clients, which includes outstanding sales contracts entered into on behalf of clients, contra gains, other fees and charges.

The trade settlement is 2 market days (2021: 2 market days) according to the Bursa Malaysia Securities Berhad Fixed Delivery and Settlement System ("FDSS") trading rules.



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**18. Other liabilities (cont'd.)**

(b) Lease liabilities of the Group and Bank are payable as follows:

<b>Group and Bank</b>	<b>Future minimum lease payments RM'000</b>	<b>Future finance charges RM'000</b>	<b>Present value of finance lease liabilities RM'000</b>
<b>31 December 2022</b>			
Less than one year	5,499	(86)	5,413
Between one and five years	477	(8)	469
	5,976	(94)	5,882
<b>31 December 2021</b>			
Less than one year	8,453	(270)	8,183
Between one and five years	5,646	(71)	5,575
	14,099	(341)	13,758

The movement in lease liabilities are as follows:

	<b>Group and Bank RM'000</b>
<b>31 December 2022</b>	
At 1 January 2022	13,758
Additions	541
Finance cost on lease liabilities (Note 26)	286
Less: lease repayments	(8,703)
At 31 December 2022	5,882
<b>31 December 2021</b>	
At 1 January 2021	8,173
Additions	13,880
Finance cost on lease liabilities (Note 26)	493
Less: lease repayments	(8,788)
At 31 December 2021	13,758

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**19. Subordinated obligation**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
RM35.0 million subordinated loan due in 2030	35,055	35,055

The movement is as follows:

	<b>Group and Bank</b>
	<b>RM'000</b>
<b>31 December 2022</b>	
At 1 January 2022/31 December 2022	<u>35,055</u>
<b>31 December 2021</b>	
At 1 January 2021/31 December 2021	<u>35,055</u>

The details of the subordinated loan are as follows:

<b>Description</b>	<b>Issue date</b>	<b>First call date</b>	<b>Maturity date</b>	<b>Interest rate (% p.a.)</b>	<b>Nominal value (RM'000)</b>
Subordinated loan (Note a and b)	14 December 2020	14 December 2025	14 December 2030	3.17	35,000

(a) The Bank may, subject to the prior consent of BNM, redeem the subordinated loan, in whole or in part, on the first call date and on each semi-annual interest payment date thereafter.

(b) The subordinated loan is Basel III-compliant.

The subordinated loan above constitutes an unsecured liability of the Group and of the Bank and is subordinated to the senior indebtedness of the Group and of the Bank in accordance with terms and conditions of its issue.

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**20. Share capital**

	<b>Group and Bank</b>			
	<b>Number of shares</b>		<b>Amount</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Units'000</b>	<b>Units'000</b>	<b>RM'000</b>	<b>RM'000</b>
Issued and fully paid	50,116	50,116	222,785	222,785

**21. Reserves**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-distributable:</b>				
Regulatory reserve (Note a)	11,372	14,046	11,372	14,046
Exchange fluctuation reserve	(407)	(241)	-	-
Fair value through other comprehensive income	1,053	984	1,053	984
	<u>12,018</u>	<u>14,789</u>	<u>12,425</u>	<u>15,030</u>
<b>Distributable:</b>				
Retained earnings (Note b)	376,530	509,375	370,120	503,261
	<u>388,548</u>	<u>524,164</u>	<u>382,545</u>	<u>518,291</u>

**(a) Regulatory reserve**

The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on classification and impairment provisions for loans/financing policy in which the Bank is required to maintain, in aggregate, loss allowance for non-credit impaired exposures (commonly known as Stage 1 and Stage 2 provisions) and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

**(b) Retained earnings**

The Bank may distribute dividends out of its entire retained earnings as at 31 December 2022 under the single-tier system.

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**22. Interest income**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	1,664	2,156	1,664	2,156
Money at call and deposits and placements with financial institutions	20,344	17,460	19,818	17,021
Others	3,905	2,492	3,905	2,492
<b>Total interest income</b>	<b>25,913</b>	<b>22,108</b>	<b>25,387</b>	<b>21,669</b>

Included in interest income for the financial year was interest on impaired assets amounting to approximately RM298,000 (2021: RM339,000) for the Group and the Bank.

**23. Interest expense**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements from a financial institution	25,168	15,602
Derivative financial instruments	14,212	12,064
Subordinated obligation	1,110	1,110
	<b>40,490</b>	<b>28,776</b>

**24. Non-interest income**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fee and commission income that are provided over time:</b>		
Agency fees	6,676	6,474
Corporate advisory fees	17,255	29,571
	<b>23,931</b>	<b>36,045</b>
<b>Fee and commission income at a point in time:</b>		
Arranger and upfront fees	24,788	68,134
Brokerage income	115,702	228,730
Placement and related fees	13,427	18,608
Underwriting commissions	3,168	2,980
Others	15,281	17,804
	<b>172,366</b>	<b>336,256</b>

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**24. Non-interest income (cont'd.)**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Investment income:</b>		
Realised loss from sale of financial assets at fair value through profit or loss, net	(158,150)	(26,072)
Unrealised gain/(loss) on revaluation of financial assets at fair value through profit or loss, net	56,121	(30,150)
Realised gain/(loss) from sale of derivative financial instruments, net	88,599	(96,549)
Unrealised gain on revaluation of derivative financial instruments, net (Note 9(iii))	92,502	249,773
Gross dividends from financial assets at fair value through profit or loss		
- Quoted in Malaysia	26,909	37,656
- Quoted outside Malaysia	23,053	10,739
	<u>129,034</u>	<u>145,397</u>
<b>Other income:</b>		
Foreign exchange (loss)/gain, net	(10,948)	3,982
Other operating income	61,882	58,720
Others	5,222	6,588
	<u>56,156</u>	<u>69,290</u>
Total non-interest income	<u>381,487</u>	<u>586,988</u>

**25. Direct costs**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Dealers' incentive	19,507	53,649
Trade-related charges	14,731	21,199
	<u>34,238</u>	<u>74,848</u>

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**26. Overhead expenses**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses				
- Salaries, allowances and bonuses	181,204	200,487	181,204	200,487
- Pension costs - defined contribution plan	22,253	21,195	22,253	21,195
- Employees' Share Scheme expenses	12,608	14,386	12,608	14,386
- Other staff-related expenses	13,350	10,407	13,350	10,407
	<u>229,415</u>	<u>246,475</u>	<u>229,415</u>	<u>246,475</u>
Establishment costs				
- Depreciation of property, plant and equipment (Note 13)	1,772	2,032	1,772	2,032
- Amortisation of computer software (Note 15)	2,543	3,229	2,543	3,229
- Rental	1,205	1,120	1,205	1,120
- Finance cost on lease liabilities (Note 18(b))	286	493	286	493
- Depreciation of right-of-use assets (Note 14)	8,348	8,358	8,348	8,358
- Repairs and maintenance of property, plant and equipment	14,598	13,031	14,598	13,031
- Information technology expenses	40,297	33,022	40,297	33,022
- Others (Note (i))	(20,564)	(27,927)	(20,564)	(27,927)
	<u>48,485</u>	<u>33,358</u>	<u>48,485</u>	<u>33,358</u>
Marketing costs				
- Advertisement and publicity	1,788	1,767	1,788	1,767
- Others	3,050	610	3,050	610
	<u>4,838</u>	<u>2,377</u>	<u>4,838</u>	<u>2,377</u>
Administration and general expenses				
- Fee and brokerage	6,571	3,267	6,571	3,203
- Administrative expenses	4,707	8,352	4,590	8,294
- General expenses	4,360	4,355	4,360	4,355
	<u>15,638</u>	<u>15,974</u>	<u>15,521</u>	<u>15,852</u>
Total overhead expenses	<u>298,376</u>	<u>298,184</u>	<u>298,259</u>	<u>298,062</u>

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**26. Overhead expenses (cont'd.)**

Note (i): Included in other establishment costs of the Group and of the Bank are service chargebacks amounting to approximately RM21,209,000 and RM21,209,000 respectively (2021: RM28,550,000 and RM28,550,000 respectively).

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Included in overhead expenses are the following:				
Directors' remuneration (Note 29)	1,857	1,970	1,857	1,970
Rental of equipment	178	178	178	178
Auditors' remuneration:				
Statutory audit:				
- Ernst & Young PLT	599	550	592	543
Assurance and compliance related services:				
- Limited review	76	76	76	76
Non-audit services:				
- Other services	105	100	105	100

**27. Writeback of impairment on loans and advances and other assets, net**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Writeback of impairment on loans and advances:		
- Stage 1 - 12 month ECL, net (Note 8(vii))	8	1
Bad debts recovered	430	134
(Allowance for)/writeback of impairment on other assets, net (Note 10(b))	(101)	1,521
	337	1,656

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**28. Taxation and zakat**

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax expense:				
Malaysian income tax	8,268	61,214	8,155	61,122
Overprovision in prior year	(772)	(2,213)	(772)	(2,213)
	<u>7,496</u>	<u>59,001</u>	<u>7,383</u>	<u>58,909</u>
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences, net	12,224	1,790	12,224	1,790
Overprovision in prior year	-	(2,280)	-	(2,280)
Tax expense for the year	<u>19,720</u>	<u>58,511</u>	<u>19,607</u>	<u>58,419</u>
Zakat	<u>695</u>	<u>1,058</u>	<u>695</u>	<u>1,058</u>
Tax expense and zakat for the year	<u>20,415</u>	<u>59,569</u>	<u>20,302</u>	<u>59,477</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

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:

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation and zakat	<u>77,503</u>	<u>260,029</u>	<u>77,094</u>	<u>259,954</u>
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	18,601	62,407	18,503	62,389
Income not subject to tax	(5,002)	(9,037)	(5,002)	(9,037)
Expenses not deductible for tax purposes	6,893	9,634	6,878	9,560
Overprovision of deferred tax in the prior year	-	(2,280)	-	(2,280)
Overprovision of income tax expense in the prior year	(772)	(2,213)	(772)	(2,213)
Tax expense for the year	<u>19,720</u>	<u>58,511</u>	<u>19,607</u>	<u>58,419</u>
Zakat	<u>695</u>	<u>1,058</u>	<u>695</u>	<u>1,058</u>
Tax expense and zakat for the year	<u>20,415</u>	<u>59,569</u>	<u>20,302</u>	<u>59,477</u>



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**29. Directors' remuneration**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Directors of the Bank</b>		
Non-Executive Directors:		
Fees	1,799	1,933
Estimated monetary value of benefits-in-kind	58	37
<b>Total (Note 26)</b>	<b>1,857</b>	<b>1,970</b>

The total remuneration (including benefits-in-kind) of the Directors of the Group and of the Bank are as follows:

<b>Group and Bank</b>	<b>Fees</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>in-kind</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>2022</b>			
Non-Executive Directors:			
Dr Hasnita Binti Dato' Hashim	248	35	283
Goh Ching Yin	261	18	279
Hans Johan Patrik Sandin	307	1	308
Dato' Muzaffar Bin Hisham*	204	-	204
Dato' Abdul Hamid Bin Sh. Mohamed	263	1	264
Dato' Sri Sharifah Sofianny Binti Syed Hussain	302	3	305
Che Zakiah Binti Che Din	214	-	214
	<b>1,799</b>	<b>58</b>	<b>1,857</b>

<b>Group and Bank</b>	<b>Fees</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>in-kind</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>			
Non-Executive Directors:			
Dr Hasnita Binti Dato' Hashim	256	32	288
Goh Ching Yin	283	1	284
Hans Johan Patrik Sandin	333	1	334
Dato' Muzaffar Bin Hisham*	224	-	224
Dato' Abdul Hamid Bin Sh. Mohamed	283	1	284
Dato' Sri Sharifah Sofianny Binti Syed Hussain	328	2	330
Che Zakiah Binti Che Din	226	-	226
	<b>1,933</b>	<b>37</b>	<b>1,970</b>

\* Classified as Executive Director under the Corporate Governance guidelines issued by Bank Negara Malaysia with effect from 3 August 2016.

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**30. Earnings per share**

The basic and diluted earnings per share ("EPS") of the Group is calculated by dividing the profit for the year by the number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year (RM'000)	57,088	200,460
Number of ordinary shares in issue ('000)	50,116	50,116
Basic and diluted EPS (sen)	114	400

**31. 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 either directly or indirectly. The key management personnel is the chief executive officer of the Group and of the Bank.

The Group and the Bank have related party relationships with their substantial shareholder, 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) Transactions with holding company, subsidiaries and related companies:

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Holding company:</b>				
Income:				
Interest on deposits and placements	18,097	15,649	18,097	15,649
Fee income	8,475	72,400	8,475	72,400
Other income	73,189	38,272	73,189	38,272
Expenditure:				
Interest on deposits and placements	26,278	16,712	26,278	16,712
Other expenses	10,016	22,375	10,016	22,375

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**31. 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) Transactions with holding company, subsidiaries and related companies: (cont'd.)

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Related companies:</b>				
Income:				
Interest on deposits and placements	1,117	506	646	124
Other income	3,351	20,171	3,351	20,171
<hr/>				
Expenditure:				
Other expenses	6,033	4,979	6,033	4,979
<hr/>				

Other expenses analysed by type of intercompany charges and by geographical locations are as follows:

<b>2022</b>	<b>Group and Bank</b>		
	<b>Malaysia</b>	<b>Singapore</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Research fee	-	5,014	5,014
Commission	9,545	-	9,545
Others	969	521	1,490
	<hr/>	<hr/>	<hr/>
	10,514	5,535	16,049
<hr/>			

<b>2021</b>	<b>Group and Bank</b>		
	<b>Malaysia</b>	<b>Singapore</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Research fee	-	3,811	3,811
Commission	21,860	-	21,860
Others	951	732	1,683
	<hr/>	<hr/>	<hr/>
	22,811	4,543	27,354
<hr/>			

(b) Balances with holding company, subsidiaries and related companies:

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Holding company:</b>				
Amount due from:				
Current accounts and deposits	842,772	902,628	842,399	900,914
Other debtors (Note 10)	3,083	-	3,083	-
<hr/>				

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**31. 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) Balances with holding company, subsidiaries and related companies: (cont'd.)

	<b>Group</b>		<b>Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Holding company (cont'd.):</b>				
Amount due to:				
Current accounts and deposits	1,494,146	1,390,622	1,494,146	1,390,622
Other creditors (Note 18)	86,712	90,966	86,712	90,966
Subordinated obligation	35,055	35,055	35,055	35,055
<b>Subsidiaries:</b>				
Amount due from:				
Other debtors	-	-	219	237
Amount due to:				
Other creditors (Note 18)	-	-	171,474	171,474
<b>Related companies:</b>				
Amount due from:				
Current accounts and deposits	45,801	60,042	18,792	34,542
Other debtors	144,054	117,374	144,054	117,374
Amount due to:				
Other creditors (Note 18)	8,643	18,284	8,643	18,284

(c) Government-related entities

Permodalan Nasional Berhad ("PNB"), a government-linked entity is a substantial shareholder of the Bank's holding company with direct shareholding and indirect shareholding via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera) as at the reporting date. PNB and entities directly controlled by PNB are collectively referred to as government-related entities to the Bank.

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**31. 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.)

(c) Government-related entities (cont'd.)

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 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 advances, which are independent of whether the counterparties are government-related entities or not.

Collectively, but not individually significant, transactions with government-related entities are summarised below:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income:</b>		
Fee and commission income	1,595	6,283
Brokerage income	418	4,578
	<b>1,993</b>	<b>10,861</b>

(d) Key management personnel compensation

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Short-term employee benefits		
- Salary and other remuneration, including allowances	2,363	2,020
- Pension costs - defined contribution plan	373	319
- Benefits-in-kind	51	43
Share-based payment		
- Employees' Share Scheme expenses	158	114
	<b>2,945</b>	<b>2,496</b>

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**31. 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.)

(e) Credit exposures arising from credit transactions with connected parties:

There are no credit exposures arising from credit transactions with connected parties based on requirement of Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties as at the end of the current and previous financial years.

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 above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments.

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**32. Commitments and contingencies**

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 as at the reporting date are as follows:

Group and Bank	2022			2021		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
<b>Commitments</b>						
Revocable						
commitments to						
extend credit:						
- Maturity within one year	277,089	-	-	514,531	-	-
- Maturity exceeding one year	2,575	1,288	1,288	3,659	1,830	1,830
	<u>279,664</u>	<u>1,288</u>	<u>1,288</u>	<u>518,190</u>	<u>1,830</u>	<u>1,830</u>
<b>Derivative financial instruments</b>						
Equity-related contracts						
- Less than one year	1,975,562	-	-	2,333,095	-	-
- One year to less than five years	131,276	-	-	127,560	-	-
	<u>2,106,838</u>	<u>-</u>	<u>-</u>	<u>2,460,655</u>	<u>-</u>	<u>-</u>
Total commitments and contingencies	<u>2,386,502</u>	<u>1,288</u>	<u>1,288</u>	<u>2,978,845</u>	<u>1,830</u>	<u>1,830</u>

\* The credit equivalent amount and the risk-weighted amount are derived at using the credit evaluation conversion factors and risk weights respectively as specified by BNM for regulatory capital adequacy purposes.

**33. Capital commitments**

Capital expenditure approved by the directors but not provided for in the financial statements are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Property, plant and equipment:		
- Approved but not contracted for	14,416	26,597

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**34. Capital adequacy**

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank.

The computation of capital adequacy ratios are based on Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 9 December 2020 and 3 May 2019 respectively. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

The minimum regulatory capital adequacy requirement for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total risk-weighted assets respectively.

The detailed disclosures on the risk-weighted assets, as set out in Notes 34(a), (b), (c), (d), (e), (f) and (g) are presented in accordance with Paragraph 4.3 of Bank Negara Malaysia's Guidelines - Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3).

(a) The capital adequacy ratios of the Group and of the Bank as at financial year end are as follows:

	<b>Group</b>	<b>Bank</b>
	<b>%</b>	<b>%</b>
<b><u>31 December 2022</u></b>		
<b>Capital ratios</b>		
CET1 capital ratio	27.260	25.990
Tier 1 capital ratio	27.260	25.990
Total capital ratio	29.468	28.219
<b><u>31 December 2021</u></b>		
<b>Capital ratios</b>		
CET1 capital ratio	26.457	25.454
Tier 1 capital ratio	26.457	25.454
Total capital ratio	28.325	27.337



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**34. Capital adequacy (cont'd.)**

(b) The components of capital of the Group and of the Bank are as follows:

	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b><u>31 December 2022</u></b>		
Paid-up share capital	222,785	222,785
Other reserves	388,548	382,545
<b>CET1 capital before regulatory adjustments</b>	<b>611,333</b>	<b>605,330</b>
Less: Deferred tax assets	(16,622)	(16,622)
Intangible assets	(10,131)	(10,131)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(579)	(579)
Regulatory reserve	(11,372)	(11,372)
Investment in subsidiaries and joint venture <sup>1</sup>	-	(25,793)
<b>CET1 capital/Tier 1 capital</b>	<b>572,629</b>	<b>540,833</b>
<b>Tier 2 capital</b>		
Subordinated obligation	35,000	35,000
General provisions	11,383	11,383
<b>Tier 2 capital</b>	<b>46,383</b>	<b>46,383</b>
<b>Total capital</b>	<b>619,012</b>	<b>587,216</b>
<b><u>31 December 2021</u></b>		
Paid-up share capital	222,785	222,785
Other reserves	524,164	518,291
<b>CET1 capital before regulatory adjustments</b>	<b>746,949</b>	<b>741,076</b>
Less: Deferred tax assets	(28,846)	(28,846)
Intangible assets	(8,673)	(8,673)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(541)	(541)
Regulatory reserve	(14,046)	(14,046)
Investment in subsidiaries and joint venture <sup>1</sup>	-	(25,793)
<b>CET1 capital/Tier 1 capital</b>	<b>694,843</b>	<b>663,177</b>
<b>Tier 2 capital</b>		
Subordinated obligation	35,000	35,000
General provisions	14,065	14,065
<b>Tier 2 capital</b>	<b>49,065</b>	<b>49,065</b>
<b>Total capital</b>	<b>743,908</b>	<b>712,242</b>

<sup>1</sup> Excludes the cost of investment in a subsidiary, Maysec Sdn. Bhd. of RM171,474,000 as its business, assets and liabilities had been transferred to the Bank on 30 December 2006.

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**34. Capital adequacy (cont'd.)**

(c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows:

<b>Group</b>	<b>Gross credit exposures</b>	<b>Net credit exposures</b>	<b>Risk-weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Exposure class</b>				
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/				
Central banks	592,658	592,658	-	-
Banks, Development				
Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,396,989	1,396,989	309,115	24,729
Corporates	81,785	44,711	44,711	3,577
Regulatory retail	86,491	71,979	70,199	5,616
Higher risk assets	1,253	1,253	1,880	150
Other assets	331,438	331,438	267,574	21,406
<b>Total on-balance sheet exposures</b>	<b>2,490,614</b>	<b>2,439,028</b>	<b>693,479</b>	<b>55,478</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposures	279,664	279,664	1,288	103
<b>Total off-balance sheet exposures</b>	<b>279,664</b>	<b>279,664</b>	<b>1,288</b>	<b>103</b>
<b>Total on and off-balance sheet exposures</b>	<b>2,770,278</b>	<b>2,718,692</b>	<b>694,767</b>	<b>55,581</b>
<b>(ii) <u>Market Risk</u></b>				
Interest rate risk	-	-	7,540	603
Equity position risk	-	-	50,663	4,053
Foreign currency risk	-	-	172,030	13,763
Options risk	-	-	199,813	15,985
<b>Total</b>	<b>-</b>	<b>-</b>	<b>430,046</b>	<b>34,404</b>
<b>(iii) <u>Operational Risk</u></b>				
	-	-	975,803	78,064
<b>Total RWA and capital requirements</b>	<b>2,770,278</b>	<b>2,718,692</b>	<b>2,100,616</b>	<b>168,049</b>

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**34. Capital adequacy (cont'd.)**

(c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (cont'd.)

<b>Group</b>	<b>Gross credit exposures</b>	<b>Net credit exposures</b>	<b>Risk-weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Exposure class</b>				
<b>(i) Credit Risk</b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/				
Central banks	573,106	573,106	-	-
Banks, Development				
Financial Institutions ("DFIs") and				
Multilateral				
Development				
Banks ("MDBs")	1,508,689	1,508,689	347,976	27,838
Corporates	16,518	16,518	16,518	1,321
Regulatory retail	59,183	52,637	52,227	4,178
Higher risk assets	1,184	1,184	1,776	142
Other assets	337,791	337,625	272,191	21,775
<b>Total on-balance sheet exposures</b>	<b>2,496,471</b>	<b>2,489,759</b>	<b>690,688</b>	<b>55,254</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposures				
	518,190	518,190	1,830	146
<b>Total off-balance sheet exposures</b>	<b>518,190</b>	<b>518,190</b>	<b>1,830</b>	<b>146</b>
<b>Total on and off-balance sheet exposures</b>	<b>3,014,661</b>	<b>3,007,949</b>	<b>692,518</b>	<b>55,400</b>
<b>(ii) Market Risk</b>				
Interest rate risk	-	-	4,401	352
Equity position risk	-	-	79,250	6,340
Foreign currency risk	-	-	317,761	25,421
Options risk	-	-	554,913	44,393
Total	-	-	956,325	76,506
<b>(iii) Operational Risk</b>				
	-	-	977,452	78,196
<b>Total RWA and capital requirements</b>	<b>3,014,661</b>	<b>3,007,949</b>	<b>2,626,295</b>	<b>210,102</b>

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**34. Capital adequacy (cont'd.)**

(c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (cont'd.)

<b>Bank</b>	<b>Gross credit exposures</b>	<b>Net credit exposures</b>	<b>Risk-weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Exposure class</b>				
<b>(i) <u>Credit Risk</u></b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/				
Central banks	592,658	592,658	-	-
Banks, Development				
Financial Institutions ("DFIs") and				
Multilateral				
Development				
Banks ("MDBs")	1,364,693	1,364,693	302,656	24,212
Corporates	81,785	44,711	44,711	3,577
Regulatory retail	86,491	71,979	70,199	5,616
Higher risk assets	1,253	1,253	1,880	150
Other assets	331,274	331,274	267,413	21,393
<b>Total on-balance sheet exposures</b>	<b>2,458,154</b>	<b>2,406,568</b>	<b>686,859</b>	<b>54,948</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposures				
	279,664	279,664	1,288	103
<b>Total off-balance sheet exposures</b>	<b>279,664</b>	<b>279,664</b>	<b>1,288</b>	<b>103</b>
<b>Total on and off-balance sheet exposures</b>	<b>2,737,818</b>	<b>2,686,232</b>	<b>688,147</b>	<b>55,051</b>
<b>(ii) <u>Market Risk</u></b>				
Interest rate risk	-	-	7,540	603
Equity position risk	-	-	50,663	4,053
Foreign currency risk	-	-	168,738	13,499
Options risk	-	-	199,813	15,985
Total	-	-	426,754	34,140
<b>(iii) <u>Operational Risk</u></b>				
	-	-	966,038	77,283
<b>Total RWA and capital requirements</b>	<b>2,737,818</b>	<b>2,686,232</b>	<b>2,080,939</b>	<b>166,474</b>

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**34. Capital adequacy (cont'd.)**

(c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (cont'd.)

<b>Bank</b>	<b>Gross credit exposures</b>	<b>Net credit exposures</b>	<b>Risk-weighted assets</b>	<b>Capital requirements</b>
<b>31 December 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Exposure class</b>				
<b>(i) Credit Risk</b>				
<b>On-balance sheet exposures:</b>				
Sovereigns/				
Central banks	573,106	573,106	-	-
Banks, Development				
Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")				
Banks ("MDBs")	1,476,377	1,476,377	341,514	27,321
Corporates	16,518	16,518	16,518	1,321
Regulatory retail	59,183	52,637	52,227	4,178
Higher risk assets	1,184	1,184	1,776	142
Other assets	337,721	337,555	272,123	21,770
<b>Total on-balance sheet exposures</b>	<b>2,464,089</b>	<b>2,457,377</b>	<b>684,158</b>	<b>54,732</b>
<b>Off-balance sheet exposures:</b>				
Credit-related off-balance sheet exposures				
	518,190	518,190	1,830	146
<b>Total off-balance sheet exposures</b>	<b>518,190</b>	<b>518,190</b>	<b>1,830</b>	<b>146</b>
<b>Total on and off-balance sheet exposures</b>	<b>2,982,279</b>	<b>2,975,567</b>	<b>685,988</b>	<b>54,878</b>
<b>(ii) Market Risk</b>				
Interest rate risk	-	-	4,401	352
Equity position risk	-	-	79,250	6,340
Foreign currency risk	-	-	312,915	25,033
Options risk	-	-	554,913	44,393
Total	-	-	951,479	76,118
<b>(iii) Operational Risk</b>				
	-	-	967,911	77,433
<b>Total RWA and capital requirements</b>	<b>2,982,279</b>	<b>2,975,567</b>	<b>2,605,378</b>	<b>208,429</b>

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**34. Capital adequacy (cont'd.)**

(d) The breakdown of exposures by risk weights are as follows:

<----- Exposures after netting and credit risk mitigation ----->

<b>Group 31 December 2022</b>							<b>Total exposures after netting &amp; credit risk mitigation</b>	<b>Total risk- weighted assets</b>
<b>Risk weights</b>	<b>Sovereigns &amp; central banks RM'000</b>	<b>Banks, DFIs and MDBs RM'000</b>	<b>Corporates RM'000</b>	<b>Regulatory retail RM'000</b>	<b>Higher risk assets RM'000</b>	<b>Other assets RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	592,658	-	-	-	-	25,887	618,545	-
20%	-	1,297,932	-	-	-	49,666	1,347,598	269,519
50%	-	99,057	-	-	-	-	99,057	49,529
75%	-	-	-	9,447	-	-	9,447	7,085
100%	-	-	44,711	61,368	-	252,372	358,451	358,451
150%	-	-	-	1,164	1,253	3,513	5,930	8,895
<b>Total exposures</b>	<b>592,658</b>	<b>1,396,989</b>	<b>44,711</b>	<b>71,979</b>	<b>1,253</b>	<b>331,438</b>	<b>2,439,028</b>	<b>693,479</b>
Risk-weighted assets by exposures	-	309,115	44,711	70,199	1,880	267,574	693,479	
Average risk weights	0%	22%	100%	98%	150%	81%	28%	

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**34. Capital adequacy (cont'd.)**

(d) The breakdown of exposures by risk weights are as follows: (cont'd.)

<b>Group</b>	<b>&lt;----- Exposures after netting and credit risk mitigation -----&gt;</b>						<b>Total exposures after netting &amp; credit risk mitigation</b>	<b>Total risk-weighted assets</b>
	<b>Sovereigns &amp; central banks</b>	<b>Banks, DFIs and MDBs</b>	<b>Corporates</b>	<b>Regulatory retail</b>	<b>Higher risk assets</b>	<b>Other assets</b>		
<b>31 December 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Risk weights</b>								
0%	573,106	-	-	-	-	48,205	621,311	-
20%	-	1,354,562	-	-	-	25,974	1,380,536	276,107
50%	-	154,127	-	-	-	-	154,127	77,064
75%	-	-	-	3,320	-	-	3,320	2,490
100%	-	-	16,518	48,477	-	256,345	321,340	321,340
150%	-	-	-	840	1,184	7,101	9,125	13,687
<b>Total exposures</b>	<b>573,106</b>	<b>1,508,689</b>	<b>16,518</b>	<b>52,637</b>	<b>1,184</b>	<b>337,625</b>	<b>2,489,759</b>	<b>690,688</b>
<b>Risk-weighted assets by exposures</b>	-	347,976	16,518	52,227	1,776	272,191	690,688	
<b>Average risk weights</b>	0%	23%	100%	99%	150%	81%	28%	

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**34. Capital adequacy (cont'd.)**

(d) The breakdown of exposures by risk weights are as follows: (cont'd.)

<----- Exposures after netting and credit risk mitigation ----->								
<b>Bank 31 December 2022</b>							<b>Total exposures after netting &amp; credit risk mitigation</b>	<b>Total risk- weighted assets</b>
<b>Risk weights</b>	<b>Sovereigns &amp; central banks RM'000</b>	<b>Banks, DFIs and MDBs RM'000</b>	<b>Corporates RM'000</b>	<b>Regulatory retail RM'000</b>	<b>Higher risk assets RM'000</b>	<b>Other assets RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	592,658	-	-	-	-	25,885	618,543	-
20%	-	1,265,636	-	-	-	49,666	1,315,302	263,061
50%	-	99,057	-	-	-	-	99,057	49,529
75%	-	-	-	9,447	-	-	9,447	7,085
100%	-	-	44,711	61,368	-	252,210	358,289	358,289
150%	-	-	-	1,164	1,253	3,513	5,930	8,895
<b>Total exposures</b>	<b>592,658</b>	<b>1,364,693</b>	<b>44,711</b>	<b>71,979</b>	<b>1,253</b>	<b>331,274</b>	<b>2,406,568</b>	<b>686,859</b>
Risk-weighted assets by exposures	-	302,656	44,711	70,199	1,880	267,413	686,859	
Average risk weights	0%	22%	100%	98%	150%	81%	29%	



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**34. Capital adequacy (cont'd.)**

(d) The breakdown of exposures by risk weights are as follows: (cont'd.)

<----- Exposures after netting and credit risk mitigation ----->								
<b>Bank 31 December 2021</b>							<b>Total exposures after netting &amp; credit risk mitigation</b>	<b>Total risk- weighted assets</b>
<b>Risk weights</b>	<b>Sovereigns &amp; central banks RM'000</b>	<b>Banks, DFIs and MDBs RM'000</b>	<b>Corporates RM'000</b>	<b>Regulatory retail RM'000</b>	<b>Higher risk assets RM'000</b>	<b>Other assets RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	573,106	-	-	-	-	48,203	621,309	-
20%	-	1,322,250	-	-	-	25,974	1,348,224	269,645
50%	-	154,127	-	-	-	-	154,127	77,064
75%	-	-	-	3,320	-	-	3,320	2,490
100%	-	-	16,518	48,477	-	256,277	321,272	321,272
150%	-	-	-	840	1,184	7,101	9,125	13,687
<b>Total exposures</b>	<b>573,106</b>	<b>1,476,377</b>	<b>16,518</b>	<b>52,637</b>	<b>1,184</b>	<b>337,555</b>	<b>2,457,377</b>	<b>684,158</b>
 Risk-weighted assets by exposures	 -	 341,514	 16,518	 52,227	 1,776	 272,123	 684,158	
Average risk weights	0%	23%	100%	99%	150%	81%	28%	

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**34. Capital adequacy (cont'd.)**

(e) The breakdown of credit risk exposures by risk weights are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>Principal amount RM'000</b>	<b>Risk- weighted assets RM'000</b>	<b>Principal amount RM'000</b>	<b>Risk- weighted assets RM'000</b>
<b>31 December 2022</b>				
0%	618,545	-	618,543	-
20%	1,347,598	269,519	1,315,302	263,061
50%	99,057	49,529	99,057	49,529
75%	9,447	7,085	9,447	7,085
100%	358,451	358,451	358,289	358,289
150%	5,930	8,895	5,930	8,895
Risk-weighted assets for credit risk	2,439,028	693,479	2,406,568	686,859
Risk-weighted assets for market risk	212,230	430,046	207,609	426,754
<b>Total risk-weighted assets</b>	<b>2,651,258</b>	<b>1,123,525</b>	<b>2,614,177</b>	<b>1,113,613</b>
<b>31 December 2021</b>				
0%	621,311	-	621,309	-
20%	1,380,536	276,107	1,348,224	269,645
50%	154,127	77,064	154,127	77,064
75%	3,320	2,490	3,320	2,490
100%	321,340	321,340	321,272	321,272
150%	9,125	13,687	9,125	13,687
Risk-weighted assets for credit risk	2,489,759	690,688	2,457,377	684,158
Risk-weighted assets for market risk	374,971	956,325	370,097	951,479
<b>Total risk-weighted assets</b>	<b>2,864,730</b>	<b>1,647,013</b>	<b>2,827,474</b>	<b>1,635,637</b>

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**34. Capital adequacy (cont'd.)**

- (f) Disclosure on off-balance sheet exposures and related counterparty credit risk of the Group and of the Bank are as follows:

<b>Group and Bank</b>	<b>2022</b>			<b>2021</b>		
	<b>Principal amount</b>	<b>Credit equivalent amount</b>	<b>Risk-weighted assets</b>	<b>Principal amount</b>	<b>Credit equivalent amount</b>	<b>Risk-weighted assets</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit-related exposures:						
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provided for automatic cancellation due to deterioration in a borrower's credit worthiness	279,664	1,288	1,288	518,190	1,830	1,830

- (g) The risk-weighted assets and capital requirements for the various categories of market risk are as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Risk-weighted assets equivalent</b>	<b>Capital required</b>	<b>Risk-weighted assets equivalent</b>	<b>Capital required</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Interest rate risk	7,540	603	4,401	352
Equity position risk	50,663	4,053	79,250	6,340
Foreign currency risk	172,030	13,763	317,761	25,421
Options risk	199,813	15,985	554,913	44,393
<b>Total</b>	<b>430,046</b>	<b>34,404</b>	<b>956,325</b>	<b>76,506</b>
<b>Bank</b>				
Interest rate risk	7,540	603	4,401	352
Equity position risk	50,663	4,053	79,250	6,340
Foreign currency risk	168,738	13,499	312,915	25,033
Options risk	199,813	15,985	554,913	44,393
<b>Total</b>	<b>426,754</b>	<b>34,140</b>	<b>951,479</b>	<b>76,118</b>

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### **35. Segment information**

Segment information is presented in respect of the Group's business segments.

The business segments are prepared based on internal management reports, which are used by senior management for decision-making and performance management. The amounts for each business segment are shown after the allocation of certain centralised cost, funding income and the applicable transfer pricing where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation. All inter-segment transactions are conducted at arm's length basis on normal commercial terms that are not more favourable than those generally available to the public.

Segment revenue, results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The Group's business segments are defined and categorised as follows:

(i) Pillar 1 - Investment banking and advisory

Investment banking and advisory focus 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 and debt restructuring advisory services.

(ii) Pillar 2 - Investment Management

Investment Management primarily engage in the shares and futures broking services, derivative financial instruments, custodian and nominees services.

(iii) Others

Others include share of results from investment in a joint venture.

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**35. Segment information (cont'd.)**

The following table provides analysis of the Group's revenue, results, assets, liabilities and other information by business segments.

<b>Group</b>	<b>Pillar 1</b>	<b>Pillar 2</b>	<b>Others</b>	<b>Total</b>
<b>31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Net interest income/(expense)	996	(15,573)	-	(14,577)
Income from Islamic Banking Scheme operations	30,692	12,178	-	42,870
Non-interest income	76,336	305,151	-	381,487
Direct costs	-	(34,238)	-	(34,238)
Total revenue	<u>108,024</u>	<u>267,518</u>	-	<u>375,542</u>
<b>Results</b>				
Segment results	108,024	267,518	-	375,542
Overhead expenses	(95,899)	(202,477)	-	(298,376)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(235)	572	-	337
Profit before taxation and zakat	11,890	65,613	-	77,503
Taxation and zakat				(20,415)
Profit for the year				<u>57,088</u>
<b>Other segment information</b>				
Depreciation of property, plant and equipment	399	1,373	-	1,772
Depreciation of right-of-use assets	2,899	5,449	-	8,348
Amortisation of computer software	15	2,528	-	2,543

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**35. Segment information (cont'd.)**

<b>Group</b>	<b>Pillar 1</b>	<b>Pillar 2</b>	<b>Others</b>	<b>Total</b>
<b>31 December 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Net interest income/(expense)	702	(7,370)	-	(6,668)
Income from Islamic Banking Scheme operations	36,711	14,616	-	51,327
Non-interest income	145,255	441,733	-	586,988
Direct costs	-	(74,848)	-	(74,848)
Total revenue	<u>182,668</u>	<u>374,131</u>	<u>-</u>	<u>556,799</u>
<b>Results</b>				
Segment results	182,668	374,131	-	556,799
Overhead expenses	(96,178)	(202,006)	-	(298,184)
(Allowance for)/writeback of impairment on loans and advances and other assets, net	(501)	2,157	-	1,656
Share of results of a joint venture	-	-	(242)	(242)
Profit/(loss) before taxation and zakat	<u>85,989</u>	<u>174,282</u>	<u>(242)</u>	<u>260,029</u>
Taxation and zakat				<u>(59,569)</u>
Profit for the year				<u><u>200,460</u></u>
<b>Other segment information</b>				
Depreciation of property, plant and equipment	428	1,604	-	2,032
Depreciation of right-of-use assets	2,910	5,448	-	8,358
Amortisation of computer software	34	3,195	-	3,229

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**36. Dividends**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of the financial year ended 31 December 2022:		
A single-tier first interim dividend of approximately RM0.79 on 50,116,000 ordinary shares	39,551	-
In respect of the financial year ended 31 December 2021:		
A single-tier second interim dividend of approximately RM3.05 on 50,116,000 ordinary shares	153,056	-
A single-tier first interim dividend of approximately RM0.95 on 50,116,000 ordinary shares	-	47,420
	<b>192,607</b>	<b>47,420</b>

The Board of Directors have declared a single-tier second interim dividend in respect of the financial year ended 31 December 2022 of approximately RM0.34 on 50,116,000 ordinary shares, amounting to a net dividend payable of RM17,241,000, and will be recognised as appropriation of retained earnings for financial year ending 31 December 2023.

The Board of Directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2022.

**37. The operations of Islamic Banking Scheme ("IBS")**

**Statements of financial position as at 31 December 2022**

		<b>Group and Bank</b>	
		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	(a)	6,304	20,198
Other assets	(b)	578,951	545,751
<b>Total assets</b>		<b>585,255</b>	<b>565,949</b>
<b>Liabilities</b>			
Other liabilities	(c)	321,852	308,494
Provision for taxation and zakat	(d)	12,574	11,255
<b>Total liabilities</b>		<b>334,426</b>	<b>319,749</b>
<b>Islamic Banking Capital Funds</b>			
Islamic Banking Fund		5,000	5,000
Retained earnings		245,829	241,200
		<b>250,829</b>	<b>246,200</b>
<b>Total liabilities and Islamic Banking Capital Funds</b>		<b>585,255</b>	<b>565,949</b>

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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**Statements of comprehensive income for the year ended 31 December 2022**

	Note	Group and Bank	
		2022 RM'000	2021 RM'000
Income derived from investment of Islamic Banking Funds	(e)	42,870	51,327
Direct costs		(3,398)	(5,538)
Net income attributable to the Group and the Bank		39,472	45,789
Overhead expenses	(f)	(32,091)	(25,757)
Operating profit		7,381	20,032
Allowance for impairment on other assets		(375)	(403)
Profit before taxation and zakat		7,006	19,629
Taxation	(g)	(1,682)	(4,739)
Zakat	(g)	(695)	(1,058)
Profit for the year, representing total comprehensive income for the year, attributable to equity holder of the Bank		4,629	13,832

**Statements of changes in equity for the year ended 31 December 2022**

	Group and Bank		
	Islamic banking fund RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2022	5,000	241,200	246,200
Total comprehensive income for the year	-	4,629	4,629
At 31 December 2022	5,000	245,829	250,829
At 1 January 2021	5,000	227,368	232,368
Total comprehensive income for the year	-	13,832	13,832
At 31 December 2021	5,000	241,200	246,200



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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**Statements of cash flows for the year ended 31 December 2022**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat, representing operating profit before working capital changes	7,006	19,629
Increase in receivables	(33,200)	(77,427)
Increase in payables	13,358	49,955
Taxation and zakat paid, net	(1,058)	(1,425)
Net cash used infrom operating activities	(13,894)	(9,268)
Net decrease in cash and cash equivalents	(13,894)	(9,268)
Cash and cash equivalents at beginning of the year	20,198	29,466
Cash and cash equivalents at end of the year	6,304	20,198

**(a) Cash and short-term funds**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances with financial institutions	6,304	20,198

**(b) Other assets**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Debtors and prepayments	578,951	545,751

**(c) Other liabilities**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Provisions and accruals*	321,852	308,494

\* Include prohibited sources/means to charitable causes amounting to RM3,263 (2021: RM4,966).

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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**(d) Provision for taxation and zakat**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Taxation	11,879	10,197
Zakat	695	1,058
	<u>12,574</u>	<u>11,255</u>

**(e) Income derived from investment of Islamic Banking Funds**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit income from money at call and deposits and placements with financial institutions	614	94
Realised gain from sale of financial assets at fair value through profit or loss, net	2,824	1,077
Fee and commission income from:		
- Arranger and upfront fees	18,998	19,297
- Brokerage income	8,876	14,668
- Corporate advisory fees	125	-
- Placement fees	775	1,565
- Underwriting commission	737	813
- Others	9,862	13,875
Foreign exchange gain/(loss), net	59	(62)
	<u>42,870</u>	<u>51,327</u>

**(f) Overhead expenses**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses	22,851	17,808
Establishment costs (Note (i))	4,798	1,749
Marketing expenses	480	176
Administration and general expenses	3,962	6,024
	<u>32,091</u>	<u>25,757</u>

Note (i): Included in establishment costs is service chargeback amounting to approximately RM2,083,000 (2021: RM2,993,000).

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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**(g) Taxation and zakat**

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Tax expense:		
Malaysian income tax	1,682	4,739
Zakat	695	1,058
Tax expense and zakat for the year	2,377	5,797

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation and zakat 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:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation and zakat	7,006	19,629
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	1,681	4,711
Expenses not deductible for tax purposes	1	28
Zakat	695	1,058
Tax expense and zakat for the year	2,377	5,797

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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**(h) Capital adequacy**

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank.

The capital adequacy ratios of the Group and of the Bank are computed in accordance with Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets), which are issued by Bank Negara Malaysia. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

The minimum regulatory capital adequacy requirement for CET1, Tier 1 and Total Capital are 3.5%, 4.5% and 8.0% of total risk-weighted assets respectively.

The detailed disclosures on the risk-weighted assets, as set out in Notes 37(h)(i), (h)(ii), (h)(iii) and (h)(iv) are presented in accordance with Paragraph 4.3 of Bank Negara Malaysia's Guidelines - Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3).

(i) The capital adequacy ratios of the Group and of the Bank as at financial year end are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	%	%
CET1 capital ratio	87.025	82.237
Tier 1 capital ratio	87.025	82.237
Total capital ratio	87.025	82.237

(ii) The components of capital of the Group and of the Bank are as follows:

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	RM'000	RM'000
Islamic Banking fund	5,000	5,000
Retained earnings	245,829	241,200
<b>CET1 capital/Tier 1 capital/Total capital</b>	<b>250,829</b>	<b>246,200</b>

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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**(h) Capital adequacy (cont'd.)**

(iii) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows:

<b>IBS 31 December 2022 Exposure class</b>	<b>Gross credit exposures RM'000</b>	<b>Net credit exposures RM'000</b>	<b>Risk- weighted assets RM'000</b>	<b>Capital requirements RM'000</b>
<b>(i) <u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/				
Central banks	1,042	1,042	-	-
Banks, DFIs and				
MDBs	5,263	5,263	1,053	84
Other assets	796,765	796,765	192,798	15,424
Total on-balance sheet exposures	<u>803,070</u>	<u>803,070</u>	<u>193,851</u>	<u>15,508</u>
Total on and off-balance sheet exposures (Note 37(h)(v))	<u>803,070</u>	<u>803,070</u>	<u>193,851</u>	<u>15,508</u>
<b>(ii) <u>Market Risk</u></b>				
Foreign currency risk	-	-	1	-
<b>(iii) <u>Operational Risk</u></b>				
	-	-	94,373	7,550
Total RWA and capital requirements	<u>803,070</u>	<u>803,070</u>	<u>288,225</u>	<u>23,058</u>

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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**(h) Capital adequacy (cont'd.)**

(iii) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (cont'd.)

<b>IBS 31 December 2021 Exposure class</b>	<b>Gross credit exposures RM'000</b>	<b>Net credit exposures RM'000</b>	<b>Risk- weighted assets RM'000</b>	<b>Capital requirements RM'000</b>
<b>(i) <u>Credit Risk</u></b>				
On-balance sheet exposures:				
Sovereigns/				
Central banks	1,020	1,020	-	-
Banks, DFIs and MDBs	19,178	19,178	3,836	307
Other assets	753,156	753,156	190,990	15,279
Total on-balance sheet exposures	<u>773,354</u>	<u>773,354</u>	<u>194,826</u>	<u>15,586</u>
Total on and off-balance sheet exposures (Note 37(h)(v))	<u>773,354</u>	<u>773,354</u>	<u>194,826</u>	<u>15,586</u>
<b>(ii) <u>Market Risk</u></b>				
Foreign currency risk	-	-	3	-
<b>(iii) <u>Operational Risk</u></b>				
	-	-	104,550	8,364
Total RWA and capital requirements	<u>773,354</u>	<u>773,354</u>	<u>299,379</u>	<u>23,950</u>

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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**(h) Capital adequacy (cont'd.)**

(iv) The breakdown of credit risk exposures by risk weights for the financial year end are as follows:

<b>IBS 31 December 2022 Risk weights</b>	<b>Sovereigns/ central banks RM'000</b>	<b>Banks, DFIs, and MDBs RM'000</b>	<b>Other assets RM'000</b>	<b>Total exposures after netting and credit risk mitigation RM'000</b>
0%	1,042	-	-	1,042
20%	-	5,263	754,959	760,222
100%	-	-	41,806	41,806
<b>Total Exposures</b>	<b>1,042</b>	<b>5,263</b>	<b>796,765</b>	<b>803,070</b>
Risk-weighted assets by exposures	-	1,053	192,798	193,851
Average risk weight	0%	20%	24%	24%
 <b>IBS 31 December 2021 Risk weights</b>				
0%	1,020	-	-	1,020
20%	-	19,178	702,708	721,886
100%	-	-	50,448	50,448
<b>Total Exposures</b>	<b>1,020</b>	<b>19,178</b>	<b>753,156</b>	<b>773,354</b>
Risk-weighted assets by exposures	-	3,836	190,990	194,826
Average risk weight	0%	20%	25%	25%

(v) There are no off-balance sheet exposures and related counterparty credit risk of the Group and of the Bank.

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**37. The operations of Islamic Banking Scheme (IBS) (cont'd.)**

**(i) Yield/profit rate risk on IBS portfolio**

The Group and the Bank are exposed to various risks 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 and the Bank to protect the income from IBS operations.

The table below summarises the Group's and the Bank's exposure to yield/profit rate risk for the IBS operations. The table indicates effective yield/profit rates as at the balance sheet date and the years in which the financial instruments reprice or mature, whichever is earlier.

<b>Group and Bank 31 December 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 - 3 months RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non- profit sensitive RM'000</b>	<b>Total RM'000</b>	<b>Effective profit rate %</b>
<b>Assets</b>								
Cash and short-term funds	4,000	-	-	-	-	2,304	6,304	2.65
Other assets	-	-	-	-	-	578,951	578,951	-
<b>Total assets</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>581,255</b>	<b>585,255</b>	



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**37. The operations of Islamic Banking Scheme (IBS) (cont'd.)**

**(i) Yield/profit rate risk on IBS portfolio (cont'd.)**

<b>Group and Bank 31 December 2022 (cont'd.)</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 - 3 months RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non- profit sensitive RM'000</b>	<b>Total RM'000</b>	<b>Effective profit rate %</b>
<b>Liabilities and Islamic Banking Fund</b>								
Other liabilities	-	-	-	-	-	321,852	321,852	-
Provision for taxation and zakat	-	-	-	-	-	12,574	12,574	-
<b>Total liabilities</b>	-	-	-	-	-	334,426	334,426	
Reserves	-	-	-	-	-	250,829	250,829	-
<b>Total Islamic Banking Fund</b>	-	-	-	-	-	250,829	250,829	
<b>Total liabilities and Islamic Banking Fund</b>	-	-	-	-	-	585,255	585,255	
<b>Total yield/profit rate sensitivity gap</b>	4,000	-	-	-	-	-	-	
<b>Cumulative yield/profit rate sensitivity gap</b>	4,000	4,000	4,000	4,000	4,000	4,000		

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**37. The operations of Islamic Banking Scheme (IBS) (cont'd.)**

**(i) Yield/profit rate risk on IBS portfolio (cont'd.)**

<b>Group and Bank</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-</b>	<b>Total</b>	<b>Effective</b>
<b>31 December 2021</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>profit</b>	<b>RM'000</b>	<b>profit</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>sensitive</b>	<b>RM'000</b>	<b>rate</b>
						<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Assets</b>								
Cash and short-term funds	16,500	-	-	-	-	3,698	20,198	1.65
Other assets	-	-	-	-	-	545,751	545,751	-
<b>Total assets</b>	<b>16,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>549,449</b>	<b>565,949</b>	
<b>Liabilities and Islamic Banking Fund</b>								
Other liabilities	-	-	-	-	-	308,494	308,494	-
Provision for taxation and zakat	-	-	-	-	-	11,255	11,255	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>319,749</b>	<b>319,749</b>	
Reserves	-	-	-	-	-	246,200	246,200	-
<b>Total Islamic Banking Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,200</b>	<b>246,200</b>	
<b>Total liabilities and Islamic Banking Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>565,949</b>	<b>565,949</b>	
<b>Total yield/profit rate sensitivity gap</b>	<b>16,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Cumulative yield/profit rate sensitivity gap</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>		

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**37. The operations of Islamic Banking Scheme ("IBS") (cont'd.)**

**(j) Fair values of financial assets and liabilities**

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date, which are considered short-term in maturity, approximate their carrying amounts as shown in the statements of financial position.

**(k) 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 Bank Negara Malaysia 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 institution in calculating and deriving the rate of return for the depositors.

**(l) Shariah committee**

The operation of IBS is governed by Sections 28 and 29 of 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 ruling of the Shariah Advisory Council ("SAC"), specify standards on Shariah matters in respect of the carrying on of its business, affair or activity" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for The Islamic Financial Institutions" known as the Shariah Governance Framework ("SGF") (which supersedes the BNM/GPS 1), which stipulates that "every Islamic institution is required to establish a Shariah Committee".

Based on the above, the duties and responsibilities of the Group's and the Bank's Shariah Committee are to advise on the overall Islamic Banking Scheme operations of the Group's and the Bank's business in order to ensure compliance with the Shariah requirements.

The roles of the Shariah Committee in monitoring the Group's and the Bank's activities include:

- (i) To advise the Board on Shariah matters in its business operations;
- (ii) To endorse Shariah Compliance Manual;
- (iii) To endorse and validate relevant documentations;
- (iv) To assist related parties on Shariah matters for advice upon request;
- (v) To advise on matters to be referred to the SAC;
- (vi) To provide written Shariah opinion; and
- (vii) To assist the SAC on reference for advise.

The Group and the Bank presently have six Shariah Members.

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### **38. Fair values**

This disclosure note provides fair value measurement information for both financial and non-financial instruments and are structured as follows:

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

#### **(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 judgment 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 and the Bank have also established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

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

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

For disclosure purposes, the level in the hierarchy within which the instruments is 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

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.

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**38. Fair values (cont'd.)**

**(a) Valuation principles (cont'd.)**

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

- 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 financial instruments where fair value is measured using significant unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates the Group's and the Bank's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and loans and financing priced primarily based on internal credit assessment.

**(b) Valuation techniques**

The valuation techniques used for the financial and non-financial instruments that are not determined by reference to quoted prices (Level 1), are described below:

*Derivative financial instruments*

The fair values of the Group's and of the Bank's derivative financial instruments are derived using discounted cash flows analysis, option pricing and benchmarking models.

*Financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income.*

The fair values of financial assets and financial investments are determined by reference to prices quoted by independent data providers and independent broker quotations. Fair values for unquoted equity securities held for socio economic reasons (classified as Level 3) are determined based on the net tangible assets of the companies.

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**38. Fair values (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 liabilities measured at fair value is summarised in the table below:

	Valuation techniques using			Total RM'000
	Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Un- observable inputs (Level 3) RM'000	
<b>Group and Bank</b>				
<b>2022</b>				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,481,482	-	-	1,481,482
Financial assets at fair value through other comprehensive income	-	-	1,253	1,253
Derivative financial assets	-	153,273	-	153,273
	<u>1,481,482</u>	<u>153,273</u>	<u>1,253</u>	<u>1,636,008</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	24,678	385,959	-	410,637
<b>2021</b>				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	1,377,450	-	-	1,377,450
Financial assets at fair value through other comprehensive income	-	-	1,184	1,184
Derivative financial assets	-	233,046	-	233,046
	<u>1,377,450</u>	<u>233,046</u>	<u>1,184</u>	<u>1,611,680</u>
Financial liabilities measured at fair values:				
Derivative financial liabilities	31,198	95,840	-	127,038

There have been no transfers between Level 1 and Level 2 for the Group and the Bank during the current and prior financial year.

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**38. Fair values (cont'd.)**

**(d) 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 investment in subsidiaries, investment in a joint venture, property, plant and equipment and provision for current and deferred taxation. For a portion of the Group's and of the Bank's financial instruments, including loans and advances, 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 judgments 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 portion of the Group's and of the Bank's financial instruments, including loans and advances, 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 statements of financial position, except for the financial assets as stated below.

	<b>2022</b>		<b>2021</b>	
	<b>Carrying amount RM'000</b>	<b>(Level 3) Fair value RM'000</b>	<b>Carrying amount RM'000</b>	<b>(Level 3) Fair value RM'000</b>
<b>Group and Bank</b>				
<b>Financial assets</b>				
Loans and advances (Note 8)	111,329	105,383	64,197	64,388

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**38. Fair values (cont'd.)**

**(d) 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:

- (i) Cash and short-term funds, other receivables and other payables

The carrying amount approximates fair value due to the relatively short maturity of these financial instruments.

- (ii) Deposits and placements with a financial institution

The carrying amount of those financial instruments with remaining maturities of less than one year approximates their fair value due to the relatively short maturity of these instruments. For deposits and placements with maturities of more than one year, the fair values are estimated based on the discounted cash flows using applicable prevailing market rates of similar instruments as at the reporting date.

- (iii) Financial assets at fair value through other comprehensive income and financial assets 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.

- (iv) Loans and advances

The fair values of variable rate loans are estimated to approximate their carrying amount. For fixed rate loans, 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.

- (v) Deposits and placements from a financial institution

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values 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 and instruments with similar remaining maturities. The fair value of Islamic deposits are estimated to approximate their carrying values as the profit rates are determined at the end of their holding years based on the actual profits generated from the assets invested.



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**38. Fair values (cont'd.)**

**(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:

	<b>Group and Bank RM'000</b>
<b>31 December 2022</b>	
At 1 January 2022	1,184
Unrealised gains recognised in other comprehensive income	<u>69</u>
At 31 December 2022	<u><u>1,253</u></u>
<b>31 December 2021</b>	
At 1 January 2021	1,170
Unrealised gains recognised in other comprehensive income	<u>14</u>
At 31 December 2021	<u><u>1,184</u></u>

**(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.

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**39. Financial risk management objectives and policies**

(a) Financial risk management overview

Risk management is a critical pillar of the Group's and the Bank's operating model, complementing the other two pillars, which are business sectors and support sectors.

The risk governance model provides a formalised, transparent and effective structure which promotes active involvement of the Board of Directors and Senior Management in the risk management process to ensure a uniform approach of risk across the organisation. A dedicated Board-level Risk Management Committee ("RMC") provides oversight of risk exposures as well as oversight on the effective implementation of risk management strategies, frameworks, policies, tolerance and risk appetite limits. At the Management-level, Management Risk Committee ("MRC") ensures all key risks are managed in line with their respective Terms of Reference.

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 level of rewards. As risk management is a core discipline of the Bank, it is underpinned by a set of the following ten (10) building blocks which serves as the foundation in driving strong risk management culture, 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 Bank must determine its business strategy; its goals and objectives, 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 level of risk that the Bank is willing to accept in pursuit of its business and strategic goals.

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**39. Financial risk management objectives and policies (cont'd.)**

(a) Financial risk management overview (cont'd.)

(iv) *Risk Response*

Risk response is the process of regulating inherited risk and potential risk event from Maybank IB's product offerings, investment decisions, operating processes as well as business strategies.

(v) *Governance and Risk Oversight*

There is a clear, effective and robust governance structure with well defined, transparent and consistent lines of responsibility.

(vi) *Approval of Risk Documents*

Sets out the approving authorities for each risk documents within Maybank IB.

(vii) *Exceptional Management Approach*

Exceptional management approach is to manage exceptional activities ("EAs"). EAs can be described as deviations from risk documents or crossing boundaries that have been set.

(viii) *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 Maybank IB.

(ix) *Stress Test*

Stress testing is used to identify and quantify possible events or future changes in the financial and economic condition that could have unfavourable effects on Maybank IB's exposure.

(x) *Resources and Systems Infrastructure*

Ensure sufficient resources, infrastructure and techniques are established to enable effective risk management.

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**39. Financial risk management objectives and policies (cont'd.)**

**(b) Financial instrument by category**

<b>Group</b>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Sub-total</b>	<b>Assets not in scope of MFRS 9</b>	<b>Total</b>
<b>31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>						
Cash and short-term funds	-	-	1,098,279	1,098,279	-	1,098,279
Deposits and placements with a financial institution	-	-	434,806	434,806	-	434,806
Financial investments portfolio	1,481,482	1,253	-	1,482,735	-	1,482,735
Loans and advances	-	-	111,329	111,329	-	111,329
Derivative assets	153,273	-	-	153,273	-	153,273
Other assets	-	-	605,853	605,853	-	605,853
Tax recoverable	-	-	-	-	24,550	24,550
Property, plant and equipment	-	-	-	-	2,998	2,998
Right-of-use assets	-	-	-	-	5,715	5,715
Intangible assets	-	-	-	-	10,131	10,131
Deferred tax assets	-	-	-	-	16,622	16,622
<b>TOTAL ASSETS</b>	<b>1,634,755</b>	<b>1,253</b>	<b>2,250,267</b>	<b>3,886,275</b>	<b>60,016</b>	<b>3,946,291</b>
<b>Liabilities</b>						
	<b>Fair value through profit or loss</b>	<b>Other financial liabilities</b>	<b>Sub-total</b>	<b>Liabilities not in scope of MFRS 9</b>	<b>Total</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements from a financial institution	-	1,494,146	1,494,146	-	1,494,146	
Derivative liabilities	410,637	-	410,637	-	410,637	
Other liabilities	-	1,316,732	1,316,732	77,695	1,394,427	
Provision for zakat	-	-	-	693	693	
Subordinated obligation	-	35,055	35,055	-	35,055	
<b>TOTAL LIABILITIES</b>	<b>410,637</b>	<b>2,845,933</b>	<b>3,256,570</b>	<b>78,388</b>	<b>3,334,958</b>	

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**39. Financial risk management objectives and policies (cont'd.)**

**(b) Financial instrument by category (cont'd.)**

Group 31 December 2021	Fair value through profit or loss RM'000	Fair value through other comprehensive income RM'000	Amortised cost RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
<b>Assets</b>						
Cash and short-term funds	-	-	919,242	919,242	-	919,242
Deposits and placements with a financial institution	-	-	658,039	658,039	-	658,039
Financial investments portfolio	1,377,450	1,184	-	1,378,634	-	1,378,634
Loans and advances	-	-	64,197	64,197	-	64,197
Derivative assets	233,046	-	-	233,046	-	233,046
Other assets	-	-	520,796	520,796	-	520,796
Tax recoverable	-	-	-	-	19,927	19,927
Property, plant and equipment	-	-	-	-	3,913	3,913
Right-of-use assets	-	-	-	-	13,453	13,453
Intangible assets	-	-	-	-	8,673	8,673
Deferred tax assets	-	-	-	-	28,846	28,846
<b>TOTAL ASSETS</b>	<b>1,610,496</b>	<b>1,184</b>	<b>2,162,274</b>	<b>3,773,954</b>	<b>74,812</b>	<b>3,848,766</b>
<b>Liabilities</b>						
Deposits and placements from a financial institution	-	-	1,390,622	1,390,622	-	1,390,622
Derivative liabilities	-	127,038	-	127,038	-	127,038
Other liabilities	-	-	1,420,308	1,420,308	127,738	1,548,046
Provision for zakat	-	-	-	-	1,056	1,056
Subordinated obligation	-	-	35,055	35,055	-	35,055
<b>TOTAL LIABILITIES</b>	<b>127,038</b>	<b>2,845,985</b>	<b>2,973,023</b>	<b>2,973,023</b>	<b>128,794</b>	<b>3,101,817</b>

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**39. Financial risk management objectives and policies (cont'd.)**

**(b) Financial instrument by category (cont'd.)**

<b>Bank</b>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Sub-total</b>	<b>Assets not in scope of MFRS 9</b>	<b>Total</b>
<b>31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>						
Cash and short-term funds	-	-	1,065,971	1,065,971	-	1,065,971
Deposits and placements with a financial institution	-	-	434,786	434,786	-	434,786
Financial investments portfolio	1,481,482	1,253	-	1,482,735	-	1,482,735
Loans and advances	-	-	111,329	111,329	-	111,329
Derivative assets	153,273	-	-	153,273	-	153,273
Other assets	-	-	605,721	605,721	-	605,721
Tax recoverable	-	-	-	-	24,566	24,566
Investment in subsidiaries	-	-	-	-	197,267	197,267
Property, plant and equipment	-	-	-	-	2,998	2,998
Right-of-use assets	-	-	-	-	5,715	5,715
Intangible assets	-	-	-	-	10,131	10,131
Deferred tax assets	-	-	-	-	16,622	16,622
<b>TOTAL ASSETS</b>	<b>1,634,755</b>	<b>1,253</b>	<b>2,217,807</b>	<b>3,853,815</b>	<b>257,299</b>	<b>4,111,114</b>
<b>Liabilities</b>						
Deposits and placements from a financial institution	-	-	1,494,146	1,494,146	-	1,494,146
Derivative liabilities	-	410,637	-	410,637	-	410,637
Other liabilities	-	-	1,487,566	1,487,566	77,687	1,565,253
Provision for zakat	-	-	-	-	693	693
Subordinated obligation	-	-	35,055	35,055	-	35,055
<b>TOTAL LIABILITIES</b>	<b>410,637</b>	<b>3,016,767</b>	<b>3,427,404</b>	<b>3,427,404</b>	<b>78,380</b>	<b>3,505,784</b>

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**39. Financial risk management objectives and policies (cont'd.)**

**(b) Financial instrument by category (cont'd.)**

<b>Bank</b>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Sub-total</b>	<b>Assets not in scope of MFRS 9</b>	<b>Total</b>
<b>31 December 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>						
Cash and short-term funds	-	-	886,931	886,931	-	886,931
Deposits and placements with a financial institution	-	-	658,019	658,019	-	658,019
Financial investments portfolio	1,377,450	1,184	-	1,378,634	-	1,378,634
Loans and advances	-	-	64,197	64,197	-	64,197
Derivative assets	233,046	-	-	233,046	-	233,046
Other assets	-	-	520,744	520,744	-	520,744
Tax recoverable	-	-	-	-	19,928	19,928
Investment in subsidiaries	-	-	-	-	197,267	197,267
Property, plant and equipment	-	-	-	-	3,913	3,913
Right-of-use assets	-	-	-	-	13,453	13,453
Intangible assets	-	-	-	-	8,673	8,673
Deferred tax assets	-	-	-	-	28,846	28,846
<b>TOTAL ASSETS</b>	<b>1,610,496</b>	<b>1,184</b>	<b>2,129,891</b>	<b>3,741,571</b>	<b>272,080</b>	<b>4,013,651</b>
<b>Liabilities</b>						
Deposits and placements from a financial institution	-	-	1,390,622	1,390,622	-	1,390,622
Derivative liabilities	127,038	-	-	127,038	-	127,038
Other liabilities	-	-	1,591,250	1,591,250	127,554	1,718,804
Provision for zakat	-	-	-	-	1,056	1,056
Subordinated obligation	-	-	35,055	35,055	-	35,055
<b>TOTAL LIABILITIES</b>	<b>127,038</b>	<b>3,016,927</b>	<b>3,143,965</b>	<b>3,143,965</b>	<b>128,610</b>	<b>3,272,575</b>

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**39. Financial risk management objectives and policies (cont'd.)**

(c) Credit risk management

(1) Credit risk management overview

Risk appetite for credit risk is an expression of the amount of risk that the Group and the Bank are willing to take in pursuing its strategic objectives. It reflects the Group's and the Bank's capacity to sustain potential losses arising from a range of potential consequences under different stress scenarios. This is defined in terms of both impact to earnings and maintenance of minimum regulatory capital requirements.

Credit risk definition

Credit risk arises as a result of customers' or counterparties' failure or unwillingness to fulfill their financial and contractual obligations as and when they arise. These obligations arise from the Group's and the Bank's principal activities. As the Group's and the Bank's primary business is in investment banking and provision of stockbroking, the Group's and the Bank's exposure to credit risk is primarily from its lending activities, underwriting commitments and provision of stockbroking services. Other activities such as futures trading, derivatives transactions, holding and settlement of equity or debt securities also exposes the Group and the Bank to credit and counterparty risk.

(2) Management of credit risk

Management of the Bank's credit risk is based on counterparty's creditworthiness and financial standing which requires in-depth credit risk assessment, appropriate facility structuring and imposition of the right covenants and control parameters. Reviews are conducted at least once a year with updated information on counterparty's financial position, market position, industry and economic condition and account conduct. These counterparties are subject to regular periodic impairment assessment to determine if any early intervention is required. Appropriate corrective actions are taken when the accounts show signs of credit deterioration.

Credit concentration limits are used as mechanisms for ensuring credit exposures are within any applicable regulatory limits and/or the boundaries of risk appetite statements and tolerance thresholds. In addition, when managing large exposures and to mitigate concentration of credit risks in its credit portfolio, the Bank had emplaced, amongst others, limits and triggers as well as relevant credit policies, for:

- Counterparty Exposure Management;
- Single Counter Concentration Limit;
- Single Counter Financing; and
- Credit Transactions and Exposure to Connected Parties.



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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Management of credit risk (cont'd.)

As part of the Bank's efforts to recognize the importance and impact of Environment Social Governance ("ESG") and/or climate risk, ESG and sustainability considerations are also incorporated via qualitative overlay during share valuation.

Credit risk management process begins with credit origination by Business Units as the risk taking unit, involves pre-approval evaluation by Credit Management Department, independent assessment from Credit Evaluation & Policy and credit approving governance per Credit Delegation of Authority and Credit and Underwriting Committee.

Monitoring and reporting of credit risk covers both counterparty and portfolio level. Various risk management tools such as Front Arena ("FA") system, Financial Risk Application ("FRA") system, Kondor Plus system and Group Exposure Management System ("GEMS") are used to monitor the Bank's and the Group's overall credit exposures and limits.

(3) Credit Risk Management ("CRM") Policies

Credit Risk Framework is a principal document which is the foundation/pillar outlining the broad overarching principles and key building blocks for the management of credit risk.

Policy is the principle-based outline in the framework, to manage credit risk. It sets the minimum standards/requirements, based on regulatory requirements and lending practices.

Procedures reflect processes to support the "How to" operationalize/implement the Policy and ultimately the Framework.

With these in place, the aim is to put in place the components in ensuring effective and prudent credit risk management that provide the foundation for the Group and the Bank to attain the following:

- i) Positive and sustainable customer experience;
- ii) Good quality credits;
- iii) A diversified and resilient credit portfolio;
- iv) Targeted risk-returns; and
- v) Capital optimization through credit mitigation.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Maximum exposure to credit risk

The following analysis represents the Group's and the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial assets, without taking into account of 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 financial assets, the maximum exposure to credit risk is the maximum amount that the Group and the Bank 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.

	<b>Group</b>			
	<b>2022</b>	<b>Financial</b>	<b>2021</b>	<b>Financial</b>
	<b>Maximum</b>	<b>effect of</b>	<b>Maximum</b>	<b>effect of</b>
	<b>exposure</b>	<b>collateral</b>	<b>exposure</b>	<b>collateral</b>
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Credit exposure for on-balance sheet assets:</b>				
Cash and short-term funds	1,098,279	-	919,242	-
Deposits and placements with a financial institution	434,806	-	658,039	-
Loans and advances	111,329	54	64,197	100
Other assets	605,853	70	520,796	59
	<u>2,250,267</u>		<u>2,162,274</u>	
<b>Credit exposure for off-balance sheet financial assets:</b>				
Revocable commitments to extend credit	279,664	-	518,190	-
	<u>279,664</u>		<u>518,190</u>	
<b>Total maximum credit risk exposure that are subject to impairment</b>	<u>2,529,931</u>		<u>2,680,464</u>	

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**39. Financial risk management objectives and policies (cont'd.)**

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

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

	Bank			
	2022	Financial effect of collateral %	2021	Financial effect of collateral %
	Maximum exposure RM'000		Maximum exposure RM'000	
<b>Credit exposure for on-balance sheet financial assets:</b>				
Cash and short-term funds	1,065,971	-	886,931	-
Deposits and placements with a financial institution	434,786	-	658,019	-
Loans and advances	111,329	54	64,197	100
Other assets	605,721	70	520,744	59
Statutory deposit with Bank Negara Malaysia	-	-	-	-
	<u>2,217,807</u>		<u>2,129,891</u>	
<b>Credit exposure for off-balance sheet financial assets:</b>				
Revocable commitments to extend credit	<u>279,664</u>	-	<u>518,190</u>	-
<b>Total maximum credit risk exposure that are subject to impairment</b>	<u>2,497,471</u>		<u>2,648,081</u>	

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**39. Financial risk management objectives and policies (cont'd.)**

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

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

	<b>Group and Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Credit exposure for on-balance financial assets that are not subject to impairment:</b>		
Financial assets at fair value through other comprehensive income	1,253	1,184
Financial assets at fair value through profit or loss	1,481,482	1,377,450
Derivative assets	153,273	233,046
	<b>1,636,008</b>	<b>1,611,680</b>

(5) Collateral

The main types of collateral obtained by the Group and the Bank, amongst others, to mitigate credit risk are as follows:

- For margin and non-margin accounts - Cash/Fixed Deposits/Unit Trust/Quoted Shares
- For other loans - Cash/Fixed Deposits/Quoted Shares
- For derivative assets - Cash/Fixed Deposits/Quoted Shares
- For mortgages to staff and ex-staff - Properties
- For auto loans to staff and ex-staff - Vehicles

(6) Credit quality of financial assets

For the purposes of disclosure relating to MFRS 7, the Bank will apply a three-stage approach based on the change in credit quality of all financial assets since initial recognition consistent with MFRS 9:

<b>3 Stage Approach</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>
Expected Credit Loss Approach	12 month ECL	Lifetime ECL	Lifetime ECL
Criterion <sup>(1)</sup>	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets

<sup>(1)</sup> Criterion for classification differs from one financial asset to another and it is based on the Bank's Classification and Impairment Policy.

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**39. Financial risk management objectives and policies (cont'd.)**

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

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

The following table sets out information about the credit quality of financial assets measured at amortised costs and fair value through other comprehensive income ("FVOCI"). Unless specifically indicated, the amounts in the table represent gross carrying amounts.

	<b>Group 2022</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
	<b>12 Months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>
<b><u>At amortised cost</u></b>			
Amount due from brokers and clients			
- Margin accounts	13,246	-	-
- Non-margin accounts	421,325	-	2,959
Other assets	182,298	-	10,385
Term loans	51,128	-	-
Staff loans	46,183	-	955
Gross carrying amount	714,180	-	14,299
Loss allowance	(11)	-	(11,286)
Net carrying amount	714,169	-	3,013
<b><u>At FVOCI</u></b>			
Financial assets at fair value through other comprehensive income	1,253	-	-

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**39. Financial risk management objectives and policies (cont'd.)**

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

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

The following table sets out information about the credit quality of financial assets measured at amortised costs and fair value through other comprehensive income ("FVOCI"). Unless specifically indicated, the amounts in the table represent gross carrying amounts. (cont'd.)

	<b>Stage 1</b>	<b>Bank 2022 Stage 2</b>	<b>Stage 3</b>
	<b>12 Months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>
<b><u>At amortised cost</u></b>			
Amount due from brokers and clients			
- Margin accounts	13,246	-	-
- Non-margin accounts	421,325	-	2,959
Other assets	182,166	-	10,385
Term loans	51,128	-	-
Staff loans	46,183	-	955
Gross carrying amount	714,048	-	14,299
Loss allowance	(11)	-	(11,286)
Net carrying amount	714,037	-	3,013
<b><u>At FVOCI</u></b>			
Financial assets at fair value through other comprehensive income	1,253	-	-

Cash and short-term funds, deposits and placements with a financial institution and financial investments portfolio are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

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**39. Financial risk management objectives and policies (cont'd.)**

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

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

The following table sets out information about the credit quality of financial assets measured at amortised costs and fair value through other comprehensive income ("FVOCI"). Unless specifically indicated, the amounts in the table represent gross carrying amounts. (cont'd.)

	<b>Group 2021</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
	<b>12 Months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>
<b><u>At amortised cost</u></b>			
Amount due from brokers and clients			
- Margin accounts	19,706	-	-
- Non-margin accounts	304,785	-	3,804
Other assets	213,148	-	10,165
Staff loans	44,009	-	673
Gross carrying amount	581,648	-	14,642
Loss allowance	(19)	-	(11,278)
Net carrying amount	581,629	-	3,364
<b><u>At FVOCI</u></b>			
Financial assets at fair value through other comprehensive income	1,184	-	-

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**39. Financial risk management objectives and policies (cont'd.)**

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

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

The following table sets out information about the credit quality of financial assets measured at amortised costs and fair value through other comprehensive income ("FVOCI"). Unless specifically indicated, the amounts in the table represent gross carrying amounts. (cont'd.)

	<b>Bank 2021</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
	<b>12 Months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Lifetime ECL credit impaired RM'000</b>
<b><u>At amortised cost</u></b>			
Amount due from brokers and clients			
- Margin accounts	19,706	-	-
- Non-margin accounts	304,785	-	3,804
Other assets	213,096	-	10,165
Staff loans	44,009	-	673
Gross carrying amount	581,596	-	14,642
Loss allowance	(19)	-	(11,278)
Net carrying amount	581,577	-	3,364
<b><u>At FVOCI</u></b>			
Financial assets at fair value through other comprehensive income	1,184	-	-

Cash and short-term funds, deposits and placements with a financial institution and financial investments portfolio are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.



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**39. Financial risk management objectives and policies (cont'd.)**

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

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

(iii) Impaired financial assets

For all financial assets that are considered individually significant, the Group and the Bank assess on a case to case basis at each reporting date whether there is any objective evidence that a loan is impaired. The criteria that the Group and the Bank use to determine that there is objective evidence of impairment include:

- any significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- high probability of bankruptcy or other financial reorganisation of the borrower; and
- the viability of the customer's business operations and its capability to trade successfully out of financial difficulties and to generate sufficient cash flow to service its debt obligations.

(d) Market risk management

(1) Market risk management overview

Market risk is defined as the risk of loss or adverse impact on earnings or capital arising from changes in the level of volatility of market rates or prices such as interest rates/profit rates, foreign exchange rates, commodity prices and equity prices. The primary categories of market risk for the Group and the Bank are:

- (i) Interest rate risk: arising from changes in yield curves and credit spreads;
- (ii) Foreign exchange risk: arising from adverse movements in the exchange rates of two currencies; and
- (iii) Equity price risk: arising from changes in prices of equities, equity indices and equity baskets.

The Group and the Bank recognise market risk as the risk of losses for on and off balance sheet financial instruments arising from movements in market prices. Market risk arises through the Group's and Bank's trading and balance sheet activities.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Management of market risk

The Risk Management Committee ("RMC") approves the Group's and the Bank's Market Risk Management Framework and Risk Appetite, taking into account business volumes, targeted returns, market volatility and range of products and services.

The Management Risk Committee ("MRC") is the Management Committee that recommends frameworks and policies to identify, measure, monitor, manage and control the material risks to RMC for approval and ensures that the approved market risk policies and limits are implemented effectively.

Market Risk Management ("MRM") as an independent risk control unit ensures efficient implementation of market risk management frameworks and risk controls to support business growth. Its primary objective is to facilitate risk/return decisions, reduce volatility in earnings, highlight transparent market risk profile to senior management, RMC, Board of Directors, Maybank Group and regulators.

(3) Market Risk Management ("MRM") framework

The MRM framework serves as the base for overall and consistent management of market risk. It covers key risk management activities such as identification, measurement, monitoring, control and reporting of market risk exposures, which are benchmarked against industry leading practices and regulatory requirements. This framework facilitates the Group and the Bank to manage its market risk exposures in a systematic and consistent manner.

Measurement and monitoring

The Group's and the Bank's traded market risk exposures are primarily from proprietary trading, derivative financial instruments and underwriting commitments. The risk measurement techniques employed by the Group and the Bank comprise of both quantitative and qualitative measures.

(i) Valuation

All trading positions are marked-to-market on a consistent and daily basis using quoted prices within active markets. If this is not possible, positions are marked-to-model using models, which have been independently validated. The valuations are reviewed on a regular basis and there are adjustments made to incorporate counterparty risk, bid/ask spreads and market liquidity, which is in line with MFRS 9 standards. The Group and the Bank also perform Independent Price Verification ("IPV") to ensure the consistency and accuracy of the valuations of all trading positions.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(3) Market Risk Management ("MRM") framework (cont'd.)

(ii) Stress testing

The Group and the Bank perform stress testing to assess its ability to withstand any changes/stress economic and financial conditions that could have unfavourable effects on the Group's and the Bank's profitability and capital base. By evaluating the size of the unexpected losses, the Group and the Bank are able to understand the risk profiles and potential exposures to unlikely but plausible events in abnormal markets using multiple scenarios and undertake the appropriate measures. Scenarios are updated dynamically and may be refined on an ongoing basis to reflect current market conditions.

(iii) Other risk control

The business strategies to manage risk include transferring the risk to another party such as entering into a back-to-back deal with external counterparties, avoiding the risk, reducing the negative effect or probability of the risk through offsetting positions, or even accepting some or all of the consequences of a particular risk. The Group's and the Bank's policies, processes and controls are designed to achieve a balance between exploiting trading opportunities and managing earnings volatility within a framework of sound and prudent practices.

(iv) Qualitative measures

The goal of the risk measurement process is to attempt to quantify the risk exposures. However, not all risks are quantifiable. Where risk quantification is not an effective option, qualitative/judgmental measures are applied, e.g. notification alert upon 75% utilisation of risk limits, monitoring of large ticket items, etc.

(4) 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 Asset and Liability Management Committee ("ALCO") to protect total net interest income from changes in market interest rates.

*Interbank Offered Rate ("IBOR") reform*

IBOR which has been widely used in the global financial markets, discontinued end 2021 and replaced by Risk Free Rates ("RFRs") as part of the global reform of benchmark interest rate. The transition from IBOR to RFRs will have impact on the Bank, arising from legal implications for existing derivatives and loan contract referenced to IBOR, adjustment to accounting and valuation approaches, and system recalibration and reconfiguration.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

*Interbank Offered Rate ("IBOR") reform (cont'd.)*

The Bank has been planning and laying the foundations to ensure a smooth IBOR transition. These efforts include reviewing affected legal contracts, staff training, client engagement and ensuring systems and operational readiness to offer RFR products. The Bank actively monitors the developments in the industry in order to align itself to global market practices.

IBOR reform exposes the Group and the Bank to various risks, which are being managed and monitored closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to affect IBOR reform;
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Operational risk arising from changes to the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available;
- Accounting risk if the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs; and
- Legal and Compliance risk of litigation due to transition value transfer between bank and its customers and counterparties.

The following table are exposure that have yet to transition from IBOR to RFRs as at 31 December 2022:

<b>2022</b>	<b>Derivatives nominal amount RM'000</b>
<b>Group and Bank</b>	
Kuala Lumpur Interbank Offered Rate ("KLIBOR")	585,385
Hong Kong Interbank Offered Rate ("HIBOR")	3,918
	589,303

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

The table below summarises the Group's and the Bank's exposure to interest rate risk. The table indicates effective average interest rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier.

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-</b>	<b>Trading</b>	<b>Total</b>	<b>Effective</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>interest</b>	<b>books</b>	<b>RM'000</b>	<b>interest</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>sensitive</b>	<b>RM'000</b>	<b>RM'000</b>	<b>rate</b>
						<b>RM'000</b>			<b>%</b>
<b>Assets</b>									
Cash and short-term funds	723,319	-	-	-	-	374,960	-	1,098,279	2.65
Deposits and placements with a financial institution	-	114,043	251,242	69,521	-	-	-	434,806	3.01
Financial assets at FVTPL	-	-	-	-	-	-	1,481,551	1,481,551	-
Financial assets at FVOCI	-	-	-	-	-	1,184	-	1,184	-
Loans and advances									
- performing	13,311	-	51,287	3,605	32,199	10,146	-	110,548	5.95
- impaired*	-	-	-	-	-	781	-	781	-
Other assets	-	-	-	-	-	605,853	-	605,853	-
Derivative assets	-	-	-	-	-	-	153,273	153,273	-
Other non-interest sensitive balances	-	-	-	-	-	60,016	-	60,016	-
<b>Total assets</b>	<b>736,630</b>	<b>114,043</b>	<b>302,529</b>	<b>73,126</b>	<b>32,199</b>	<b>1,052,940</b>	<b>1,634,824</b>	<b>3,946,291</b>	

\* This is arrived at after deducting Stage 3- Lifetime ECL credit impaired from gross impaired loans.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

<b>Group (cont'd.)</b> <b>31 December 2022</b>	<b>Up to 1</b> <b>month</b> <b>RM'000</b>	<b>&gt; 1 - 3</b> <b>months</b> <b>RM'000</b>	<b>&gt; 3 - 12</b> <b>months</b> <b>RM'000</b>	<b>1 - 5</b> <b>years</b> <b>RM'000</b>	<b>Over 5</b> <b>years</b> <b>RM'000</b>	<b>Non-</b> <b>interest</b> <b>sensitive</b> <b>RM'000</b>	<b>Trading</b> <b>books</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	<b>Effective</b> <b>interest</b> <b>rate</b> <b>%</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,196,867	294,108	-	-	-	3,171	-	1,494,146	3.38
Derivative liabilities	-	-	-	-	-	-	410,637	410,637	-
Other liabilities	-	-	-	-	-	1,394,427	-	1,394,427	-
Subordinated obligation	-	-	-	-	35,055	-	-	35,055	3.17
Other non-interest sensitive balances	-	-	-	-	-	693	-	693	-
<b>Total liabilities</b>	<b>1,196,867</b>	<b>294,108</b>	<b>-</b>	<b>-</b>	<b>35,055</b>	<b>1,398,291</b>	<b>410,637</b>	<b>3,334,958</b>	
Share capital	-	-	-	-	-	222,785	-	222,785	-
Reserves	-	-	-	-	-	388,548	-	388,548	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>611,333</b>	<b>-</b>	<b>611,333</b>	
Total liabilities and equity	1,196,867	294,108	-	-	35,055	2,009,624	410,637	3,946,291	
On-balance sheet interest sensitivity gap	(460,237)	(180,065)	302,529	73,126	(2,856)	(956,684)	1,224,187	-	
Total interest sensitivity gap	(460,237)	(180,065)	302,529	73,126	(2,856)	(956,684)	1,224,187	-	
<b>Cumulative interest rate sensitivity gap</b>	<b>(460,237)</b>	<b>(640,302)</b>	<b>(337,773)</b>	<b>(264,647)</b>	<b>(267,503)</b>	<b>(1,224,187)</b>	<b>-</b>		

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-</b>	<b>Trading</b>	<b>Total</b>	<b>Effective</b>
<b>31 December 2021</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>interest</b>	<b>books</b>	<b>RM'000</b>	<b>interest</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>sensitive</b>	<b>RM'000</b>	<b>RM'000</b>	<b>rate</b>
						<b>RM'000</b>			<b>%</b>
<b>Assets</b>									
Cash and short-term funds	703,934	-	-	-	-	215,308	-	919,242	1.67
Deposits and placements with a financial institution	-	172,600	483,367	2,072	-	-	-	658,039	1.51
Financial assets at FVTPL	-	-	-	-	-	-	1,377,450	1,377,450	-
Financial assets at FVOCI	-	-	-	-	-	1,184	-	1,184	-
Loans and advances									
- performing	19,722	84	98	3,331	29,917	10,544	-	63,696	3.50
- impaired*	-	-	-	-	-	501	-	501	-
Other assets	-	-	-	-	-	520,796	-	520,796	-
Derivative assets	-	-	-	-	-	-	233,046	233,046	-
Other non-interest sensitive balances	-	-	-	-	-	74,812	-	74,812	-
<b>Total assets</b>	<b>723,656</b>	<b>172,684</b>	<b>483,465</b>	<b>5,403</b>	<b>29,917</b>	<b>823,145</b>	<b>1,610,496</b>	<b>3,848,766</b>	

\* This is arrived at after deducting Stage 3- Lifetime ECL credit impaired from gross impaired loans.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

<b>Group (cont'd.) 31 December 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 - 3 months RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non- interest sensitive RM'000</b>	<b>Trading books RM'000</b>	<b>Total RM'000</b>	<b>Effective interest rate %</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,214,082	175,834	-	-	-	706	-	1,390,622	1.40
Derivative liabilities	-	-	-	-	-	-	127,038	127,038	-
Other liabilities	-	-	-	-	-	1,548,046	-	1,548,046	-
Subordinated obligation	-	-	-	-	35,055	-	-	35,055	3.17
Other non-interest sensitive balances	-	-	-	-	-	1,056	-	1,056	-
<b>Total liabilities</b>	<b>1,214,082</b>	<b>175,834</b>	<b>-</b>	<b>-</b>	<b>35,055</b>	<b>1,549,808</b>	<b>127,038</b>	<b>3,101,817</b>	
Share capital	-	-	-	-	-	222,785	-	222,785	-
Reserves	-	-	-	-	-	524,164	-	524,164	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>746,949</b>	<b>-</b>	<b>746,949</b>	
Total liabilities and equity	1,214,082	175,834	-	-	35,055	2,296,757	127,038	3,848,766	
On-balance sheet interest sensitivity gap	(490,426)	(3,150)	483,465	5,403	(5,138)	(1,473,612)	1,483,458	-	
Total interest sensitivity gap	(490,426)	(3,150)	483,465	5,403	(5,138)	(1,473,612)	1,483,458	-	
<b>Cumulative interest rate sensitivity gap</b>	<b>(490,426)</b>	<b>(493,576)</b>	<b>(10,111)</b>	<b>(4,708)</b>	<b>(9,846)</b>	<b>(1,483,458)</b>	<b>-</b>	<b>-</b>	



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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

<b>Bank</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-</b>	<b>Trading</b>		<b>Effective</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>interest</b>	<b>books</b>	<b>Total</b>	<b>interest</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>sensitive</b>	<b>RM'000</b>	<b>RM'000</b>	<b>rate</b>
						<b>RM'000</b>			<b>%</b>
<b>Assets</b>									
Cash and short-term funds	696,320	-	-	-	-	369,651	-	1,065,971	2.64
Deposits and placements with a financial institution	-	114,023	251,242	69,521	-	-	-	434,786	3.01
Financial assets at FVTPL	-	-	-	-	-	-	1,481,551	1,481,551	-
Financial assets at FVOCI	-	-	-	-	-	1,184	-	1,184	-
Loans and advances									
- performing	13,311	-	51,287	3,605	32,199	10,146	-	110,548	5.95
- impaired*	-	-	-	-	-	781	-	781	-
Other assets	-	-	-	-	-	605,721	-	605,721	-
Derivative assets	-	-	-	-	-	-	153,273	153,273	-
Other non-interest sensitive balances	-	-	-	-	-	257,299	-	257,299	-
<b>Total assets</b>	<b>709,631</b>	<b>114,023</b>	<b>302,529</b>	<b>73,126</b>	<b>32,199</b>	<b>1,244,782</b>	<b>1,634,824</b>	<b>4,111,114</b>	

\* This is arrived at after deducting Stage 3- Lifetime ECL credit impaired from gross impaired loans.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

<b>Bank (cont'd.)</b>	<b>Up to 1</b>	<b>&gt; 1 - 3</b>	<b>&gt; 3 - 12</b>	<b>1 - 5</b>	<b>Over 5</b>	<b>Non-</b>	<b>Trading</b>	<b>Total</b>	<b>Effective</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>interest</b>	<b>books</b>	<b>RM'000</b>	<b>interest</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>sensitive</b>	<b>RM'000</b>	<b>RM'000</b>	<b>rate</b>
						<b>RM'000</b>			<b>%</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,196,867	294,108	-	-	-	3,171	-	1,494,146	3.38
Derivative liabilities	-	-	-	-	-	-	410,637	410,637	-
Other liabilities	-	-	-	-	-	1,565,253	-	1,565,253	-
Subordinated obligation	-	-	-	-	35,055	-	-	35,055	3.17
Other non-interest sensitive balances	-	-	-	-	-	693	-	693	-
<b>Total liabilities</b>	<b>1,196,867</b>	<b>294,108</b>	<b>-</b>	<b>-</b>	<b>35,055</b>	<b>1,569,117</b>	<b>410,637</b>	<b>3,505,784</b>	
Share capital	-	-	-	-	-	222,785	-	222,785	-
Reserves	-	-	-	-	-	382,545	-	382,545	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>605,330</b>	<b>-</b>	<b>605,330</b>	
<b>Total liabilities and equity</b>	<b>1,196,867</b>	<b>294,108</b>	<b>-</b>	<b>-</b>	<b>35,055</b>	<b>2,174,447</b>	<b>410,637</b>	<b>4,111,114</b>	
On-balance sheet interest sensitivity gap	(487,236)	(180,085)	302,529	73,126	(2,856)	(929,665)	1,224,187	-	
Total interest sensitivity gap	(487,236)	(180,085)	302,529	73,126	(2,856)	(929,665)	1,224,187	-	
<b>Cumulative interest rate sensitivity gap</b>	<b>(487,236)</b>	<b>(667,321)</b>	<b>(364,792)</b>	<b>(291,666)</b>	<b>(294,522)</b>	<b>(1,224,187)</b>	<b>-</b>		

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

<b>Bank 31 December 2021</b>	<b>Up to 1 month</b>	<b>&gt; 1 - 3 months</b>	<b>&gt; 3 - 12 months</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Non- interest sensitive</b>	<b>Trading books</b>	<b>Total</b>	<b>Effective interest rate</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Assets</b>									
Cash and short-term funds	678,435	-	-	-	-	208,496	-	886,931	1.68
Deposits and placements with a financial institution	-	172,580	483,367	2,072	-	-	-	658,019	1.51
Financial assets at FVTPL	-	-	-	-	-	-	1,377,450	1,377,450	-
Financial assets at FVOCI	-	-	-	-	-	1,184	-	1,184	-
Loans and advances									
- performing	19,722	84	98	3,331	29,917	10,544	-	63,696	3.50
- impaired*	-	-	-	-	-	501	-	501	-
Other assets	-	-	-	-	-	520,744	-	520,744	-
Derivative assets	-	-	-	-	-	-	233,046	233,046	-
Other non-interest sensitive balances	-	-	-	-	-	272,080	-	272,080	-
<b>Total assets</b>	<b>698,157</b>	<b>172,664</b>	<b>483,465</b>	<b>5,403</b>	<b>29,917</b>	<b>1,013,549</b>	<b>1,610,496</b>	<b>4,013,651</b>	

\* This is arrived at after deducting Stage 3- Lifetime ECL credit impaired from gross impaired loans.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(4) Interest rate risk (cont'd.)

<b>Bank (cont'd.)</b> <b>31 December 2021</b>	<b>Up to 1</b> <b>month</b> <b>RM'000</b>	<b>&gt; 1 - 3</b> <b>months</b> <b>RM'000</b>	<b>&gt; 3 - 12</b> <b>months</b> <b>RM'000</b>	<b>1 - 5</b> <b>years</b> <b>RM'000</b>	<b>Over 5</b> <b>years</b> <b>RM'000</b>	<b>Non-</b> <b>interest</b> <b>sensitive</b> <b>RM'000</b>	<b>Trading</b> <b>books</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	<b>Effective</b> <b>interest</b> <b>rate</b> <b>%</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,214,082	175,834	-	-	-	706	-	1,390,622	1.40
Derivative liabilities	-	-	-	-	-	-	127,038	127,038	-
Other liabilities	-	-	-	-	-	1,718,804	-	1,718,804	-
Subordinated obligation	-	-	-	-	35,055	-	-	35,055	3.17
Other non-interest sensitive balances	-	-	-	-	-	1,056	-	1,056	-
<b>Total liabilities</b>	<b>1,214,082</b>	<b>175,834</b>	<b>-</b>	<b>-</b>	<b>35,055</b>	<b>1,720,566</b>	<b>127,038</b>	<b>3,272,575</b>	
Share capital	-	-	-	-	-	222,785	-	222,785	-
Reserves	-	-	-	-	-	518,291	-	518,291	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>741,076</b>	<b>-</b>	<b>741,076</b>	
Total liabilities and equity	1,214,082	175,834	-	-	35,055	2,461,642	127,038	4,013,651	
On-balance sheet interest sensitivity gap	(515,925)	(3,170)	483,465	5,403	(5,138)	(1,448,093)	1,483,458	-	
Total interest sensitivity gap	(515,925)	(3,170)	483,465	5,403	(5,138)	(1,448,093)	1,483,458	-	
<b>Cumulative interest rate sensitivity gap</b>	<b>(515,925)</b>	<b>(519,095)</b>	<b>(35,630)</b>	<b>(30,227)</b>	<b>(35,365)</b>	<b>(1,483,458)</b>	<b>-</b>		

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**39. Financial risk management objectives and policies (cont'd.)**

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

(5) Sensitivity analysis for interest rate risk

The table below shows the sensitivity of the Group's and of the Bank's profit after tax to an up and down 100 basis points parallel rate shock.

	<b>Impact to Profit or Loss</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Bank</b>		
+ 100 basis points (upwards)	57	72
- 100 basis points (downwards)	(57)	(72)

Impact to profit or loss is measured using Earnings-at-Risk ("EaR") methodology which is simulated based on a set of standardised rate shocks on the interest rate gap profile derived from the financial position of the Group and of the Bank. The interest rate gap is the mismatch of rate sensitive assets and rate sensitive liabilities taking into consideration the earlier of repricing or remaining maturity.

(6) Foreign exchange risk

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

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

The table below analyses the net foreign exchange positions of the Group and of the Bank as at 31 December 2022 and 31 December 2021, by major currencies, which are mainly in Philippines Peso, Indonesia Rupiah, Hong Kong Dollar and United States Dollar. The "Others" currencies include Singapore Dollar, Australian Dollar, Chinese Yuan Renminbi, Euro, Pound Sterling, Japanese Yen and Thai Baht.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(6) Foreign exchange risk (cont'd.)

<b>Group</b>	<b>Malaysian</b>	<b>Philippines</b>	<b>Indonesian</b>	<b>Hong</b>	<b>United</b>		<b>Total</b>
<b>31 December 2022</b>	<b>Ringgit</b>	<b>Peso</b>	<b>Rupiah</b>	<b>Kong</b>	<b>States</b>	<b>Others</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Dollar</b>	<b>Dollar</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>							
Cash and short-term funds	992,571	-	-	2,826	94,296	8,586	1,098,279
Deposits and placements with a financial institution	394,081	-	-	3,927	34,740	2,058	434,806
Financial investments portfolio	932,896	99,835	240,559	79,806	85,954	43,685	1,482,735
Loans and advances	60,201	-	-	-	51,128	-	111,329
Derivative assets	130,165	-	-	1,969	20,500	639	153,273
Other assets	516,559	541	929	30,198	50,015	7,611	605,853
Tax recoverable	24,550	-	-	-	-	-	24,550
Property, plant and equipment	2,998	-	-	-	-	-	2,998
Right-of-use assets	5,715	-	-	-	-	-	5,715
Intangible assets	10,131	-	-	-	-	-	10,131
Deferred tax assets	16,622	-	-	-	-	-	16,622
<b>Total assets</b>	<b>3,086,489</b>	<b>100,376</b>	<b>241,488</b>	<b>118,726</b>	<b>336,633</b>	<b>62,579</b>	<b>3,946,291</b>
<b>Liabilities</b>							
Deposits and placements from a financial institution	1,139,445	-	-	90,678	246,436	17,587	1,494,146
Derivative liabilities	316,662	-	-	6,513	75,796	11,666	410,637
Other liabilities	1,209,758	625	-	-	184,044	-	1,394,427
Provision for taxation and zakat	693	-	-	-	-	-	693
Subordinated obligation	35,055	-	-	-	-	-	35,055
<b>Total liabilities</b>	<b>2,701,613</b>	<b>625</b>	<b>-</b>	<b>97,191</b>	<b>506,276</b>	<b>29,253</b>	<b>3,334,958</b>
<b>Net position</b>	<b>384,876</b>	<b>99,751</b>	<b>241,488</b>	<b>21,535</b>	<b>(169,643)</b>	<b>33,326</b>	<b>611,333</b>

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**39. Financial risk management objectives and policies (cont'd.)**

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

(6) Foreign exchange risk (cont'd.)

<b>Group</b>	<b>Malaysian</b>	<b>Philippines</b>	<b>Indonesian</b>	<b>Hong</b>	<b>United</b>		<b>Total</b>
<b>31 December 2021</b>	<b>Ringgit</b>	<b>Peso</b>	<b>Rupiah</b>	<b>Kong</b>	<b>States</b>	<b>Others</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Dollar</b>	<b>Dollar</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>							
Cash and short-term funds	864,536	-	-	10,771	35,370	8,565	919,242
Deposits and placements with a financial institution	531,315	-	-	24,070	99,102	3,552	658,039
Financial investments portfolio	873,251	76,406	126,513	175,919	99,914	26,631	1,378,634
Loans and advances	64,197	-	-	-	-	-	64,197
Derivative assets	214,656	-	-	-	18,390	-	233,046
Other assets	389,768	439	959	22,021	93,412	14,197	520,796
Tax recoverable	19,927	-	-	-	-	-	19,927
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-
Investment in a joint venture	-	-	-	-	-	-	-
Property, plant and equipment	3,913	-	-	-	-	-	3,913
Right-of-use assets	13,453	-	-	-	-	-	13,453
Intangible assets	8,673	-	-	-	-	-	8,673
Deferred tax assets	28,846	-	-	-	-	-	28,846
<b>Total assets</b>	<b>3,012,535</b>	<b>76,845</b>	<b>127,472</b>	<b>232,781</b>	<b>346,188</b>	<b>52,945</b>	<b>3,848,766</b>
<b>Liabilities</b>							
Deposits and placements from a financial institution	990,488	-	-	203,420	180,732	15,982	1,390,622
Derivative liabilities	94,204	-	-	524	29,847	2,463	127,038
Other liabilities	1,369,580	532	-	-	177,934	-	1,548,046
Provision for taxation and zakat	1,056	-	-	-	-	-	1,056
Subordinated obligation	35,055	-	-	-	-	-	35,055
<b>Total liabilities</b>	<b>2,490,383</b>	<b>532</b>	<b>-</b>	<b>203,944</b>	<b>388,513</b>	<b>18,445</b>	<b>3,101,817</b>
<b>Net position</b>	<b>522,152</b>	<b>76,313</b>	<b>127,472</b>	<b>28,837</b>	<b>(42,325)</b>	<b>34,500</b>	<b>746,949</b>

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**39. Financial risk management objectives and policies (cont'd.)**

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

(6) Foreign exchange risk (cont'd.)

<b>Bank</b>	<b>Malaysian</b>	<b>Philippines</b>	<b>Indonesian</b>	<b>Hong</b>	<b>United</b>		<b>Total</b>
<b>31 December 2022</b>	<b>Ringgit</b>	<b>Peso</b>	<b>Rupiah</b>	<b>Kong</b>	<b>States</b>	<b>Others</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Dollar</b>	<b>Dollar</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>							
Cash and short-term funds	960,263	-	-	2,826	94,296	8,586	1,065,971
Deposits and placements with a financial institution	394,061	-	-	3,927	34,740	2,058	434,786
Financial investments portfolio	937,820	94,911	240,559	79,806	85,954	43,685	1,482,735
Loans and advances	60,201	-	-	-	51,128	-	111,329
Derivative assets	130,165	-	-	1,969	20,500	639	153,273
Other assets	516,747	221	929	30,198	50,015	7,611	605,721
Tax recoverable	24,566	-	-	-	-	-	24,566
Investment in subsidiaries	197,267	-	-	-	-	-	197,267
Property, plant and equipment	2,998	-	-	-	-	-	2,998
Right-of-use assets	5,715	-	-	-	-	-	5,715
Intangible assets	10,131	-	-	-	-	-	10,131
Deferred tax assets	16,622	-	-	-	-	-	16,622
<b>Total assets</b>	<b>3,256,556</b>	<b>95,132</b>	<b>241,488</b>	<b>118,726</b>	<b>336,633</b>	<b>62,579</b>	<b>4,111,114</b>
<b>Liabilities</b>							
Deposits and placements from a financial institution	1,139,445	-	-	90,678	246,436	17,587	1,494,146
Derivative liabilities	316,662	-	-	6,513	75,796	11,666	410,637
Other liabilities	1,381,209	-	-	-	184,044	-	1,565,253
Provision for taxation and zakat	693	-	-	-	-	-	693
Subordinated obligation	35,055	-	-	-	-	-	35,055
<b>Total liabilities</b>	<b>2,873,064</b>	<b>-</b>	<b>-</b>	<b>97,191</b>	<b>506,276</b>	<b>29,253</b>	<b>3,505,784</b>
<b>Net position</b>	<b>383,492</b>	<b>95,132</b>	<b>241,488</b>	<b>21,535</b>	<b>(169,643)</b>	<b>33,326</b>	<b>605,330</b>



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**39. Financial risk management objectives and policies (cont'd.)**

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

(6) Foreign exchange risk (cont'd.)

<b>Bank</b>	<b>Malaysian</b>	<b>Philippines</b>	<b>Indonesian</b>	<b>Hong</b>	<b>United</b>		<b>Total</b>
<b>31 December 2021</b>	<b>Ringgit</b>	<b>Peso</b>	<b>Rupiah</b>	<b>Kong</b>	<b>States</b>	<b>Others</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Dollar</b>	<b>Dollar</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>							
Cash and short-term funds	832,225	-	-	10,771	35,370	8,565	886,931
Deposits and placements with a financial institution	531,295	-	-	24,070	99,102	3,552	658,019
Financial investments portfolio	878,350	71,307	126,513	175,919	99,914	26,631	1,378,634
Loans and advances	64,197	-	-	-	-	-	64,197
Derivative assets	214,656	-	-	-	18,390	-	233,046
Other assets	389,993	162	959	22,021	93,412	14,197	520,744
Tax recoverable	19,928	-	-	-	-	-	19,928
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-
Investment in subsidiaries	197,267	-	-	-	-	-	197,267
Property, plant and equipment	3,913	-	-	-	-	-	3,913
Right-of-use assets	13,453	-	-	-	-	-	13,453
Intangible assets	8,673	-	-	-	-	-	8,673
Deferred tax assets	28,846	-	-	-	-	-	28,846
<b>Total assets</b>	<b>3,182,796</b>	<b>71,469</b>	<b>127,472</b>	<b>232,781</b>	<b>346,188</b>	<b>52,945</b>	<b>4,013,651</b>
<b>Liabilities</b>							
Deposits and placements from a financial institution	990,488	-	-	203,420	180,732	15,982	1,390,622
Derivative liabilities	94,204	-	-	524	29,847	2,463	127,038
Other liabilities	1,540,870	-	-	-	177,934	-	1,718,804
Provision for taxation and zakat	1,056	-	-	-	-	-	1,056
Subordinated obligation	35,055	-	-	-	-	-	35,055
<b>Total liabilities</b>	<b>2,661,673</b>	<b>-</b>	<b>-</b>	<b>203,944</b>	<b>388,513</b>	<b>18,445</b>	<b>3,272,575</b>
<b>Net position</b>	<b>521,123</b>	<b>71,469</b>	<b>127,472</b>	<b>28,837</b>	<b>(42,325)</b>	<b>34,500</b>	<b>741,076</b>

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**39. Financial risk management objectives and policies (cont'd.)**

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

(7) Sensitivity analysis for foreign exchange risk

Foreign exchange risk arises from the movements in exchange rates that adversely affect the revaluation of the Group and of the Bank and the foreign exchange positions. Considering that other risk variables remain constant, the foreign exchange revaluation sensitivity for the Group and the Bank on their unhedged position are as follows:

	<b>Impact to Profit or Loss</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
+ 1% appreciation against RM	1,720	3,178
- 1% depreciation against RM	(1,720)	(3,178)
	1,720	(3,178)
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
+ 1% appreciation against RM	1,687	3,129
- 1% depreciation against RM	(1,687)	(3,129)
	1,687	(3,129)

The Group and the Bank measure the foreign exchange sensitivity based on the foreign exchange net open positions under an adverse movement in all foreign currencies against the functional currency. The result implies that the Group and the Bank may be subject to additional translation gains/(losses) if foreign currencies appreciate/depreciate against RM and vice versa.

(8) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Bank's financial instruments will fluctuate because of changes in market prices (other than interest or foreign exchange rates).

The Group and the Bank are exposed to equity price risk arising from its market making activities in derivative financial instruments and its investment in quoted equity instruments. These instruments are classified as financial assets at fair value through profit or loss.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(9) Sensitivity analysis for equity price risk

The impact to profit or loss analyses the impact on financial assets at fair value through profit or loss and derivative financial instruments.

The following table summarises the Group's and the Bank's sensitivity to a 5% change in FTSE Bursa Malaysia KLCI Index ("FBMKLCI"), Hang Seng Index ("HSI"), National Association of Securities Dealers Automated Quotations ("NASDAQ"), Australian Securities Exchange ("ASX"), Indonesia Stock Exchange ("IDX"), Philippine Stock Exchange ("PSE") and the Straits Times Index ("STI") as at the reporting date.

<b>Group and Bank</b>	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
<b>FBMKLCI</b>		
+ 5% increase in index	2,397	31,249
- 5% decrease in index	1,439	(64,724)
<b>HSI</b>		
+ 5% increase in index	159	16,835
- 5% decrease in index	276	(18,211)
<b>NASDAQ</b>		
+ 5% increase in index	376	8,199
- 5% decrease in index	(87)	(8,547)
<b>ASX</b>		
+ 5% increase in index	2	-
- 5% decrease in index	17	-
<b>IDX</b>		
+ 5% increase in index	2	-
- 5% decrease in index	(2)	-
<b>PSE</b>		
+ 5% increase in index	(1)	-
- 5% decrease in index	1	-
<b>STI</b>		
+ 5% increase in index	146	(93)
- 5% decrease in index	(82)	(1,089)

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**39. Financial risk management objectives and policies (cont'd.)**

(e) Liquidity risk management

(1) Liquidity risk management overview

Liquidity is the ability of the Group and of the Bank to fund increases in assets and meet obligations as they fall due, without incurring unacceptable losses.

Generally, there are two types of liquidity risk which are funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the Group and the Bank will not be able to meet efficiently both expected and unexpected current and future cash flow needs without affecting either daily operations or the financial condition of the Group and of the Bank. Market liquidity risk is the risk that the Group and the Bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

The Group and the Bank have taken BNM's Liquidity Framework and leading practices as a foundation to manage and measure its liquidity risk exposure. The Group and the Bank 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 and of the Bank are monitored regularly against the established policies, procedures and limits.

Sources of liquidity

The Group and the Bank have a standby line with Maybank Group to meet its funding requirements. The Group and the Bank also have in place customer deposits, interbank deposits, debt securities as well as strategic fund raising programmes on a need basis.

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 by maintaining a portfolio of highly liquid financial instruments on its statements of financial position that can be drawn upon when needed. These liquid financial instruments include cash, government bonds and high credit quality private debt securities that can be sold or funded on a secured basis as protection against any unforeseen interruption to cash flow.

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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Contractual maturity of total assets and liabilities

The table below analyses assets and liabilities (inclusive of non-financial instruments) of the Group and of the Bank in the relevant maturity tenures based on remaining contractual maturities. The disclosure is made in accordance with the requirement of revised BNM GP8 "Guidelines on Financial Reporting for Banking Institutions".

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>									
Cash and short-term funds	1,098,279	-	-	-	-	-	-	-	1,098,279
Deposits and placements with a financial institution	-	114,043	116,946	134,296	69,521	-	-	-	434,806
Financial investments portfolio	-	-	-	-	-	-	-	1,482,735	1,482,735
Loans and advances	13,580	17	211	51,868	6,024	6,426	33,203	-	111,329
Derivative assets	28,457	33,752	39,460	49,249	2,355	-	-	-	153,273
Other assets	453,211	-	-	-	-	-	-	152,642	605,853
Tax recoverable	-	-	-	-	-	-	-	24,550	24,550
Property, plant and equipment	-	-	-	-	-	-	-	2,998	2,998
Right-of-use assets	-	-	-	-	-	-	-	5,715	5,715
Intangible assets	-	-	-	-	-	-	-	10,131	10,131
Deferred tax assets	-	-	-	-	-	-	-	16,622	16,622
<b>Total assets</b>	<b>1,593,527</b>	<b>147,812</b>	<b>156,617</b>	<b>235,413</b>	<b>77,900</b>	<b>6,426</b>	<b>33,203</b>	<b>1,695,393</b>	<b>3,946,291</b>

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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Contractual maturity of total assets and liabilities (cont'd.)

<b>Group (cont'd.)</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,200,037	294,109	-	-	-	-	-	-	1,494,146
Derivative liabilities	17,298	57,727	163,367	88,905	83,340	-	-	-	410,637
Other liabilities	417,648	1,166	1,367	2,527	662	-	-	971,057	1,394,427
Provision for zakat	-	-	-	-	-	-	-	693	693
Subordinated obligation	-	-	55	-	-	-	35,000	-	35,055
<b>Total liabilities</b>	<b>1,634,983</b>	<b>353,002</b>	<b>164,789</b>	<b>91,432</b>	<b>84,002</b>	<b>-</b>	<b>35,000</b>	<b>971,750</b>	<b>3,334,958</b>
<b>Net liquidity gap</b>	<b>(41,456)</b>	<b>(205,190)</b>	<b>(8,172)</b>	<b>143,981</b>	<b>(6,102)</b>	<b>6,426</b>	<b>(1,797)</b>	<b>723,643</b>	<b>611,333</b>
<b>Commitments and contingencies</b>									
Revocable commitments to extend credit	277,089	-	-	-	-	-	2,575	-	279,664

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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Contractual maturity of total assets and liabilities (cont'd.)

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2021</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>									
Cash and short-term funds	919,242	-	-	-	-	-	-	-	919,242
Deposits and placements with a financial institution	-	172,601	164,563	318,803	2,072	-	-	-	658,039
Financial investments portfolio	-	-	-	-	-	-	-	1,378,634	1,378,634
Loans and advances	20,001	84	22	440	5,278	7,923	30,449	-	64,197
Derivative assets	27,418	47,071	76,972	72,569	9,016	-	-	-	233,046
Other assets	355,017	-	-	-	-	-	-	165,779	520,796
Tax recoverable	-	-	-	-	-	-	-	19,927	19,927
Property, plant and equipment	-	-	-	-	-	-	-	3,913	3,913
Right-of-use assets	-	-	-	-	-	-	-	13,453	13,453
Intangible assets	-	-	-	-	-	-	-	8,673	8,673
Deferred tax assets	-	-	-	-	-	-	-	28,846	28,846
<b>Total assets</b>	<b>1,321,678</b>	<b>219,756</b>	<b>241,557</b>	<b>391,812</b>	<b>16,366</b>	<b>7,923</b>	<b>30,449</b>	<b>1,619,225</b>	<b>3,848,766</b>

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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Contractual maturity of total assets and liabilities (cont'd.)

<b>Group (cont'd.)</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2021</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,214,787	175,835	-	-	-	-	-	-	1,390,622
Derivative liabilities	7,983	49,633	9,771	57,630	2,021	-	-	-	127,038
Other liabilities	252,645	1,370	2,065	4,049	5,573	-	-	1,282,344	1,548,046
Provision for zakat	-	-	-	-	-	-	-	1,056	1,056
Subordinated obligation	-	-	55	-	-	-	35,000	-	35,055
<b>Total liabilities</b>	<b>1,475,415</b>	<b>226,838</b>	<b>11,891</b>	<b>61,679</b>	<b>7,594</b>	<b>-</b>	<b>35,000</b>	<b>1,283,400</b>	<b>3,101,817</b>
<b>Net liquidity gap</b>	<b>(153,737)</b>	<b>(7,082)</b>	<b>229,666</b>	<b>330,133</b>	<b>8,772</b>	<b>7,923</b>	<b>(4,551)</b>	<b>335,825</b>	<b>746,949</b>
<b>Commitments and contingencies</b>									
Revocable commitments to extend credit	514,531	-	-	-	-	-	3,659	-	518,190



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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Contractual maturity of total assets and liabilities (cont'd.)

<b>Bank</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>									
Cash and short-term funds	1,065,971	-	-	-	-	-	-	-	1,065,971
Deposits and placements with a financial institution	-	114,023	116,946	134,296	69,521	-	-	-	434,786
Financial investments portfolio	-	-	-	-	-	-	-	1,482,735	1,482,735
Loans and advances	13,580	17	211	51,868	6,024	6,426	33,203	-	111,329
Derivative assets	28,457	33,752	39,460	49,249	2,355	-	-	-	153,273
Other assets	453,211	-	-	-	-	-	-	152,510	605,721
Tax recoverable	-	-	-	-	-	-	-	24,566	24,566
Investment in subsidiaries	-	-	-	-	-	-	-	197,267	197,267
Property, plant and equipment	-	-	-	-	-	-	-	2,998	2,998
Right-of-use assets	-	-	-	-	-	-	-	5,715	5,715
Intangible assets	-	-	-	-	-	-	-	10,131	10,131
Deferred tax assets	-	-	-	-	-	-	-	16,622	16,622
<b>Total assets</b>	<b>1,561,219</b>	<b>147,792</b>	<b>156,617</b>	<b>235,413</b>	<b>77,900</b>	<b>6,426</b>	<b>33,203</b>	<b>1,892,544</b>	<b>4,111,114</b>

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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Contractual maturity of total assets and liabilities (cont'd.)

<b>Bank (cont'd.)</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,200,037	294,109	-	-	-	-	-	-	1,494,146
Derivative liabilities	17,298	57,727	163,367	88,905	83,340	-	-	-	410,637
Other liabilities	417,648	1,166	1,367	2,527	662	-	-	1,141,883	1,565,253
Provision for zakat	-	-	-	-	-	-	-	693	693
Subordinated obligation	-	-	55	-	-	-	35,000	-	35,055
<b>Total liabilities</b>	<b>1,634,983</b>	<b>353,002</b>	<b>164,789</b>	<b>91,432</b>	<b>84,002</b>	<b>-</b>	<b>35,000</b>	<b>1,142,576</b>	<b>3,505,784</b>
<b>Net liquidity gap</b>	<b>(73,764)</b>	<b>(205,210)</b>	<b>(8,172)</b>	<b>143,981</b>	<b>(6,102)</b>	<b>6,426</b>	<b>(1,797)</b>	<b>749,968</b>	<b>605,330</b>
<b>Commitments and contingencies</b>									
Revocable commitments to extend credit	277,089	-	-	-	-	-	2,575	-	279,664

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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Contractual maturity of total assets and liabilities (cont'd.)

<b>Bank</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2021</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>									
Cash and short-term funds	886,931	-	-	-	-	-	-	-	886,931
Deposits and placements with a financial institution	-	172,581	164,563	318,803	2,072	-	-	-	658,019
Financial investments portfolio	-	-	-	-	-	-	-	1,378,634	1,378,634
Loans and advances	20,001	84	22	440	5,278	7,923	30,449	-	64,197
Derivative assets	27,418	47,071	76,972	72,569	9,016	-	-	-	233,046
Other assets	355,017	-	-	-	-	-	-	165,727	520,744
Tax recoverable	-	-	-	-	-	-	-	19,928	19,928
Investment in subsidiaries	-	-	-	-	-	-	-	197,267	197,267
Property, plant and equipment	-	-	-	-	-	-	-	3,913	3,913
Right-of-use assets	-	-	-	-	-	-	-	13,453	13,453
Intangible assets	-	-	-	-	-	-	-	8,673	8,673
Deferred tax assets	-	-	-	-	-	-	-	28,846	28,846
<b>Total assets</b>	<b>1,289,367</b>	<b>219,736</b>	<b>241,557</b>	<b>391,812</b>	<b>16,366</b>	<b>7,923</b>	<b>30,449</b>	<b>1,816,441</b>	<b>4,013,651</b>

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**39. Financial risk management objectives and policies (cont'd.)**

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

(2) Contractual maturity of total assets and liabilities (cont'd.)

<b>Bank (cont'd.)</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2021</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,214,787	175,835	-	-	-	-	-	-	1,390,622
Derivative liabilities	7,983	49,633	9,771	57,630	2,021	-	-	-	127,038
Other liabilities	252,645	1,370	2,065	4,049	5,573	-	-	1,453,102	1,718,804
Provision for zakat	-	-	-	-	-	-	-	1,056	1,056
Subordinated obligation	-	-	55	-	-	-	35,000	-	35,055
<b>Total liabilities</b>	<b>1,475,415</b>	<b>226,838</b>	<b>11,891</b>	<b>61,679</b>	<b>7,594</b>	<b>-</b>	<b>35,000</b>	<b>1,454,158</b>	<b>3,272,575</b>
<b>Net liquidity gap</b>	<b>(186,048)</b>	<b>(7,102)</b>	<b>229,666</b>	<b>330,133</b>	<b>8,772</b>	<b>7,923</b>	<b>(4,551)</b>	<b>362,283</b>	<b>741,076</b>
<b>Commitments and contingencies</b>									
Revocable commitments to extend credit	514,531	-	-	-	-	-	3,659	-	518,190

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**39. Financial risk management objectives and policies (cont'd.)**

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

(3) Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Group and the Bank by remaining contractual maturities as at the reporting period. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit analysis.

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,200,872	295,445	-	-	-	-	-	-	1,496,317
Derivative liabilities	17,298	57,727	163,367	88,905	83,340	-	-	-	410,637
Other liabilities	417,648	1,166	1,367	2,527	662	-	-	971,057	1,394,427
Provision for zakat	-	-	-	-	-	-	-	693	693
Subordinated obligation	-	-	55	-	-	-	35,000	-	35,055
<b>Total liabilities</b>	<b>1,635,818</b>	<b>354,338</b>	<b>164,789</b>	<b>91,432</b>	<b>84,002</b>	<b>-</b>	<b>35,000</b>	<b>971,750</b>	<b>3,337,129</b>
<b>Commitments and contingencies</b>									
Revocable commitments to extend credit	277,089	-	-	-	-	-	2,575	-	279,664

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**39. Financial risk management objectives and policies (cont'd.)**

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

(3) Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

<b>Group</b>	<b>Up to 1 month</b>	<b>&gt; 1 to 3 months</b>	<b>&gt; 3 to 6 months</b>	<b>&gt; 6 to 12 months</b>	<b>&gt; 1 to 3 years</b>	<b>&gt; 3 to 5 years</b>	<b>Over 5 years</b>	<b>No-specific maturity</b>	<b>Total</b>
<b>31 December 2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,215,107	176,350	-	-	-	-	-	-	1,391,457
Derivative liabilities	7,983	49,633	9,771	57,630	2,021	-	-	-	127,038
Other liabilities	252,645	1,370	2,065	4,049	5,573	-	-	1,282,344	1,548,046
Provision for zakat	-	-	-	-	-	-	-	1,056	1,056
Subordinated obligation	-	-	55	-	-	-	35,000	-	35,055
<b>Total liabilities</b>	<b>1,475,735</b>	<b>227,353</b>	<b>11,891</b>	<b>61,679</b>	<b>7,594</b>	<b>-</b>	<b>35,000</b>	<b>1,283,400</b>	<b>3,102,652</b>
<b>Commitments and contingencies</b>									
Revocable commitments to extend credit	514,531	-	-	-	-	-	3,659	-	518,190

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**39. Financial risk management objectives and policies (cont'd.)**

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

(3) Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

<b>Bank</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2022</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,200,872	295,445	-	-	-	-	-	-	1,496,317
Derivative liabilities	17,298	57,727	163,367	88,905	83,340	-	-	-	410,637
Other liabilities	417,648	1,166	1,367	2,527	662	-	-	1,141,883	1,565,253
Provision for zakat	-	-	-	-	-	-	-	693	693
Subordinated obligation	-	-	55	-	-	-	35,000	-	35,055
<b>Total liabilities</b>	<b>1,635,818</b>	<b>354,338</b>	<b>164,789</b>	<b>91,432</b>	<b>84,002</b>	<b>-</b>	<b>35,000</b>	<b>1,142,576</b>	<b>3,507,955</b>
<b>Commitments and contingencies</b>									
Revocable commitments to extend credit	277,089	-	-	-	-	-	2,575	-	279,664

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**39. Financial risk management objectives and policies (cont'd.)**

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

(3) Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

<b>Bank</b>	<b>Up to 1</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 6</b>	<b>&gt; 6 to 12</b>	<b>&gt; 1 to 3</b>	<b>&gt; 3 to 5</b>	<b>Over 5</b>	<b>No-specific</b>	<b>Total</b>
<b>31 December 2021</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities and equity</b>									
Deposits and placements from a financial institution	1,215,107	176,350	-	-	-	-	-	-	1,391,457
Derivative liabilities	7,983	49,633	9,771	57,630	2,021	-	-	-	127,038
Other liabilities	252,645	1,370	2,065	4,049	5,573	-	-	1,453,102	1,718,804
Provision for zakat	-	-	-	-	-	-	-	1,056	1,056
Subordinated obligation	-	-	55	-	-	-	35,000	-	35,055
<b>Total liabilities</b>	<b>1,475,735</b>	<b>227,353</b>	<b>11,891</b>	<b>61,679</b>	<b>7,594</b>	<b>-</b>	<b>35,000</b>	<b>1,454,158</b>	<b>3,273,410</b>
<b>Commitments and contingencies</b>									
Revocable commitments to extend credit	514,531	-	-	-	-	-	3,659	-	518,190



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**39. Financial risk management objectives and policies (cont'd.)**

(f) Non Financial Risk Management

The Group and the Bank has evolved and broadened its management of operational risk to encompass a wider range of emerging non-financial risk, from the changing risk landscape, heightened regulatory requirements, uncertainty and volatility in the business environment, and the rapid shifts in technology. Risk of loss from these risk exposures have adverse financial and reputational implications to the brand value and stakeholders' perception towards the Group and the Bank. The effective management of non-financial risk is critical in enabling the Group and the Bank to deliver superior customer experience and security, build trust and brand value of the Bank for long term sustainability of the organisation.

The management of non-financial risk is anchored on an established risk strategy that provides the overall principles, philosophy and goals, with defined risk appetite reflecting the Group's and the Bank's acceptable tolerance level for non-financial risk. A sound risk governance model premised on the three lines of defence and a robust risk culture is vital in driving the management of non-financial risk in the Group and the Bank.

To further strengthen the management of non-financial risk, risk methodologies and tools are deployed and integrated into processes to support businesses from point of discovery. The risk methodologies and tools complement each other for an effective process to identify, assess and measure, control, monitor, and report non-financial risk exposures on a timely basis, in minimising the financial loss and the resulting reputational risk towards the Group and the Bank. An integrated risk management system for non-financial risk enables the digitisation of non-financial risk analytics which is a key enabler that drives efficiency and effectiveness of the non-financial risk management processes across the Group and the Bank.

(1) Risk Identification, Assessment and Measurement

Incident Management & Data Collection provides a structured and systematic platform for the management and reporting of non-financial risk incidents. The collection of consistent and standardised information on non-financial risk incidents in a centralised database enables a comprehensive analysis of operational lapses, focuses on operational 'hotspots' and minimises the risk impact of future operational losses.

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**39. Financial risk management objectives and policies (cont'd.)**

(f) Non Financial Risk Management (cont'd.)

(1) Risk Identification, Assessment and Measurement (cont'd.)

Risk and Control Self-Assessment ("RCSA") is a process of continual assessment of non-financial risk inherent in the operations of the Group and the Bank and the effectiveness of corresponding controls in place to mitigate the risk. It is a risk profiling tool which gives due emphasis to the review of business processes for the identification of control gaps and development of appropriate action plans to address these gaps. It is integral in supporting businesses to manage changes in the business and operational environment of the Group and the Bank, in which a rigorous process of identification and assessment of risk and controls with appropriate mitigation and action plans is built into the governance of the changes, for example product approval for new/enhanced products/services which comprised of interconnected risks arising from the introduction of new products, implementation of IT projects and other changes to the operating environment of the Group and the Bank (e.g. outsourcing, restructuring or enhancement to business processes).

Key Risk Indicator ("KRI") provides a structured process to measure and monitor critical non-financial risk exposures by way of establishing indicators that serves as early warning signals to increasing risk at the Group and the Bank, Business, and Operating levels. KRI enables close monitoring of non-financial risk to be within the tolerable level before the risk translates into operational losses.

Most recently, ESG risk brought upon by climate change, social inequality as well as increasing awareness of corporate misconduct, has exacerbated the need to incorporate this risk into the Group's and the Bank's business and internal operations. Risk of loss from these risk exposures have adverse financial and reputational implications to the brand value and stakeholders' perception.

(2) Risk Control and Mitigation

The objective of non-financial risk controls and mitigation is to minimise or mitigate non-financial risk exposure to an acceptable level, as defined by the Group's and the Bank's risk appetite.

The key control and mitigation tools deployed in the Group and the Bank are as follows:

Outsourcing

Outsourcing minimises non-financial risk exposure by enabling the Group and the Bank to focus on its core business with a view to enhance operational efficiency. An external party is engaged to perform an activity on behalf of the Group and the Bank whilst the Group and the Bank still maintains ownership and ultimate responsibility of the activity outsourced.

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**39. Financial risk management objectives and policies (cont'd.)**

(f) Non Financial Risk Management (cont'd.)

(2) Risk Control and Mitigation (cont'd.)

The key control and mitigation tools deployed in the Group and the Bank are as follows: (cont'd.)

Anti-Fraud Management

The Group and the Bank has in place robust and comprehensive tools and programs aligned to the established vision, principles and strategies in ensuring that the risks arising from fraud are managed in a decisive, timely and systematic manner. Therefore, mitigating the risk to the lowest level possible and to deter future occurrences. Clear roles and responsibilities are outlined at every level of the organisation in promoting high standards of integrity in every employee.

Business Continuity Management ("BCM")

BCM serves as a tool for a comprehensive and integrated approach in building organisational resilience in event of disruptions, with the capability for an effective response in safeguarding the interests of its key stakeholders, reputation, brand and value-creating activities.

The BCM approach in the Group and the Bank is premised upon the following key focus:

- To implement mitigating measures to minimise the impact of disruption (i.e. disaster/crisis/emergency) to business and critical operations; and
- To resume business and critical operations of the Group and the Bank in a timely manner in the event of a disruption.

In the event of a disruption, the main priority for the Group and the Bank is always the safety of people, followed by stabilisation of the disruptive incident and escalation to the appropriate stakeholder for response with the aim of minimising the potential impact of the disruption. The BCM approach encapsulates key components which includes identification of potential threats to the Group and the Bank, assessment of the level of impact to the people and business operations should those threats be realised, and implementation of appropriate strategies to ensure people safety and business recovery against downtime. In response to Covid-19, the Group and the Bank is complying with the 'Safety and Health Measures in Maybank Agile Workplace' Playbook as part of its efforts to ensure the continuity of business operations and safety of our staff, customer and communities. Measures include the implementation of relevant Standard Operating Procedures ("SOP") and activation of Business Continuity Plans.

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**39. Financial risk management objectives and policies (cont'd.)**

(f) Non Financial Risk Management (cont'd.)

(2) Risk Control and Mitigation (cont'd.)

The key control and mitigation tools deployed in the Group and the Bank are as follows: (cont'd.)

Business Continuity Management ("BCM") (cont'd.)

The Group and the Bank continuously reviews business operations' resilience through regular testing in ensuring the established BCM process and infrastructure have the required capability and resources to withstand and recover from disruptions. Regular Crisis Simulation Exercise ("CSE") and Business Continuity Plan ("BCP") "Live Run" activations are carried out for each critical business function in the Group and the Bank. Regular testing and exercises, validates, amongst others, on the preparedness of staff, the readiness of alternate worksites, reliability of IT system disaster recovery, and effectiveness of communication, escalation and recovery procedures between all locations.

(3) Risk Monitoring and Reporting

Supporting the implementation of the methodologies and tools are clearly defined processes to facilitate timely escalation and reporting of non-financial risk exposures experienced by businesses and operations to designated stakeholders (i.e., Management and relevant risk committees) in the Group and the Bank for effective oversight on non-financial risk exposure. This includes continuous review, monitoring and reporting and analysis of non-financial risk incidents and its trend, risk 'hotspots', RCSA risk profile, risk exposure level via KRIs, and the performance of outsourced service providers.

(4) Capital Treatment for Operational Risk

The Bank adopts the Basic Indicator Approach ("BIA") to compute the minimum capital requirement for operational risk as per Bank Negara Malaysia ("BNM") Guidelines on Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and CAFIB (Basel II – Risk-Weighted Assets).

While preparing for the Standardised Measurement Approach ("SMA") proposed by the Bank of International Settlement, the Bank has established the foundation for The Standardised Approach ("TSA") for Operational Risk as prescribed by Basel II and BNM.

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**40. 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 not offset in the statements of financial position are related to:

- (i) the counterparties' offsetting exposures with the Group and the Bank where the right to set-off is only enforceable in the event of default, insolvency or bankruptcy of the counterparties; and
- (ii) cash and securities that are received from or pledged with counterparties.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

	<b>Group and Bank</b>			<b>Amount not offset in the statements of financial position</b>	<b>Net amount RM'000</b>
	<b>Gross amounts of recognised financial assets/ liabilities RM'000</b>	<b>Gross amounts offset in the statements of financial position RM'000</b>	<b>Amounts presented in the statements of financial position RM'000</b>	<b>Financial collateral received/ pledged RM'000</b>	
<b>31 December 2022</b>					
Derivative assets	153,273	-	153,273	-	153,273
Other assets					
- Amounts due from brokers and clients	10,252,652	(9,828,368)	424,284	(424,284)	-
	<u>10,405,925</u>	<u>(9,828,368)</u>	<u>577,557</u>	<u>(424,284)</u>	<u>153,273</u>
Derivative liabilities	410,637	-	410,637	-	410,637
Other liabilities					
- Amounts due to brokers and clients	10,245,307	(9,828,368)	416,939	-	416,939
	<u>10,655,944</u>	<u>(9,828,368)</u>	<u>827,576</u>	<u>-</u>	<u>827,576</u>

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**40. 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.)

	<b>Group and Bank</b>				<b>Amount not offset in the statements of financial position</b>	<b>Net amount RM'000</b>
	<b>Gross amounts of recognised financial assets/ liabilities RM'000</b>	<b>Gross amounts offset in the statements of financial position RM'000</b>	<b>Amounts presented in the statements of financial position RM'000</b>	<b>Financial collateral received/ pledged RM'000</b>		
<b>31 December 2021</b>						
Derivative assets	233,046	-	233,046	-		233,046
Other assets						
- Amounts due from brokers and clients	8,144,567	(7,835,978)	308,589	(308,589)		-
	<u>8,377,613</u>	<u>(7,835,978)</u>	<u>541,635</u>	<u>(308,589)</u>		<u>233,046</u>
Derivative liabilities	127,038	-	127,038	-		127,038
Other liabilities						
- Amounts due to brokers and clients	8,087,924	(7,835,978)	251,946	-		251,946
	<u>8,214,962</u>	<u>(7,835,978)</u>	<u>378,984</u>	<u>-</u>		<u>378,984</u>

**Maybank Investment Bank Berhad**  
**(Co. Reg. No.: 197301002412)**  
**(Incorporated in Malaysia)**

**41. 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:

<b>Name of subsidiaries</b>	<b>Name of Directors</b>
<b>Held by the Bank:</b>	
Maybank Securities Nominees (Tempatan) Sdn Bhd	Ezrina Binti Mahadzir Ekhwan Bin Jani (Appointed on 1 June 2022) Malique Firdauz Bin Ahmad Sidique (Resigned wef 2 June 2022)
Maybank Securities Nominees (Asing) Sdn Bhd	Ezrina Binti Mahadzir Ekhwan Bin Jani (Appointed on 1 June 2022) Malique Firdauz Bin Ahmad Sidique (Resigned wef 2 June 2022)
Maysec Sdn Bhd	Ezrina Binti Mahadzir (Appointed on 27 May 2022) Ekhwan Bin Jani (Appointed on 1 June 2022) Mohamad Yasin Bin Abdullah (Resigned wef 30 May 2022) Malique Firdauz Bin Ahmad Sidique (Resigned wef 2 June 2022)
<b>Held through Maysec Sdn Bhd:</b>	
Phileo Allied Securities (Philippines) Inc.*	Mohamad Yasin Bin Abdullah (Resigned wef 30 May 2022) Hamidah Binti Moris (Resigned wef 1 December 2022) Luis Manuel L. Gatmaitan Graciella Marie D. Baldos-Paz Ma. Alicia Picazo-San Juan

\* Under members' voluntary liquidation