

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
INCOME STATEMENT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Unaudited		Audited	
		Fourth Quarter Ended 31 December 2023 RM'000	31 December 2022 RM'000	Cumulative 12 Months Ended 31 December 2023 RM'000	31 December 2022 RM'000
Income derived from investment of depositors' funds	A23	3,214,101	2,818,214	11,880,732	9,534,723
Income derived from investment of investment account funds	A24	297,216	276,792	1,163,306	1,092,610
Income derived from investment of shareholder's funds	A25	140,615	136,555	658,427	501,316
Allowances for impairment losses on financing and advances, net	A26	(519,338)	(39,575)	(929,187)	(379,482)
Writeback of/(allowances for) impairment losses on financial investments, net	A27	779	2,922	13,939	(881)
Writeback of impairment losses on other financial assets, net	A28	615	2,406	716	6,285
Total distributable income		3,133,988	3,197,314	12,787,933	10,754,571
Profit share income from investment accounts		48,637	48,945	190,604	191,943
Profit distributed to depositors	A29	(1,629,944)	(1,217,300)	(6,162,889)	(3,526,754)
Profit distributed to investment account holders		(107,457)	(104,576)	(434,604)	(353,015)
Total net income		1,445,224	1,924,383	6,381,044	7,066,745
Overhead expenses	A30	(722,701)	(619,524)	(2,658,520)	(2,103,916)
Finance costs	A31	(140,837)	(118,264)	(561,563)	(428,760)
Profit before taxation and zakat		581,686	1,186,595	3,160,961	4,534,069
Taxation	A32	(130,863)	(383,094)	(717,224)	(1,474,819)
Zakat	A32	(8,848)	7,172	(51,203)	(26,329)
Profit for the financial period/year		441,975	810,673	2,392,534	3,032,921
Profit attributable to:					
Equity holder of the Bank		441,975	810,673	2,392,534	3,032,921
Earnings per share attributable to equity holder of the Bank					
- basic/diluted (sen)		91.54	177.91	503.84	691.67

(These audited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2023 RM'000	31 December 2022 RM'000	Cumulative 12 Months Ended 31 December 2023 RM'000	31 December 2022 RM'000
Profit for the financial period/year	441,975	810,673	2,392,534	3,032,921
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on foreign exchange translation	807	363	(2,569)	(140)
Net gain/(loss) on financial investments at fair value through other comprehensive income	239,012	200,203	789,994	(247,101)
- Net gain/(loss) from change in fair value	321,942	327,382	1,025,120	(329,549)
- Changes in expected credit losses	(5,664)	2,070	10,903	3,356
- Income tax effect	(77,266)	(129,249)	(246,029)	79,092
Other comprehensive income/(loss) for the financial period/year, net of tax	239,819	200,566	787,425	(247,241)
Total comprehensive income for the financial period/year, net of tax	681,794	1,011,239	3,179,959	2,785,680
Total comprehensive income attributable to:				
Equity holder of the Bank	681,794	1,011,239	3,179,959	2,785,680

(These audited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 December 2023 RM'000	31 December 2022 RM'000
ASSETS			
Cash and short-term funds		7,811,508	15,092,586
Deposits and placements with banks and other financial institutions		2,801,850	5,329,880
Financial assets purchased under resale agreements		58,118	2,121,695
Financial investments at fair value through profit or loss	A11(i)	1,331,059	309,504
Financial investments at fair value through other comprehensive income	A11(ii)	24,342,546	15,645,983
Financial investments at amortised cost	A11(iii)	13,759,189	27,461,699
Financing and advances	A12	228,807,155	214,379,623
Derivative assets	A13	160,619	263,763
Other assets	A14	3,952,570	5,150,765
Statutory deposit with Bank Negara Malaysia		3,621,143	3,505,736
Property, plant and equipment		199	341
Right-of-use assets		4,494	7,279
Deferred tax assets		79,648	288,433
TOTAL ASSETS		286,730,098	289,557,287
LIABILITIES			
Customers' funding:			
- Deposits from customers	A15	210,698,979	209,783,463
- Investment accounts of customers ¹	A16	27,354,337	25,637,702
Deposits and placements of banks and other financial institutions	A17	17,511,621	23,597,506
Obligations on financial assets sold under repurchase agreements		-	461,081
Bills and acceptances payable		80,796	32,569
Derivative liabilities	A13	309,093	384,674
Other liabilities	A18	1,305,096	2,654,948
Provision for taxation and zakat		63,590	138,207
Term funding	A20	10,932,227	9,421,202
Subordinated sukuk	A21	2,021,893	2,021,893
Capital securities	A22	1,002,347	1,002,347
TOTAL LIABILITIES		271,279,979	275,135,592

¹ Investment accounts of customers are used to fund financing and advances as disclosed in Note A12.

(These audited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 December 2023 RM'000	31 December 2022 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		11,676,910	11,029,955
Retained profits		2,524,541	2,655,423
Other reserves		1,248,668	736,317
TOTAL SHAREHOLDER'S EQUITY		15,450,119	14,421,695
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			
		286,730,098	289,557,287
Restricted investment accounts managed by the Bank	A16	42,884,778	30,552,966
TOTAL ISLAMIC BANKING ASSETS OWNED AND MANAGED BY THE BANK			
		329,614,876	320,110,253
COMMITMENTS AND CONTINGENCIES	A35	100,661,175	80,496,780
<u>CAPITAL ADEQUACY</u>	A36		
The capital adequacy ratios of the Bank are as follows:			
CET1 Capital ratio		14.303%	14.100%
Tier 1 Capital ratio		15.300%	15.171%
Total Capital ratio		17.824%	17.844%

(These audited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	←=====Non-distributable=====→					Distributable	
	Share capital RM'000	Equity contribution from the holding company RM'000	Fair value through other comprehensive income reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2023	11,029,955	1,697	(169,846)	904,654	(188)	2,655,423	14,421,695
Profit for the financial year	-	-	-	-	-	2,392,534	2,392,534
Other comprehensive income/(loss)	-	-	789,994	-	(2,569)	-	787,425
Total comprehensive income/(loss) for the financial year	-	-	789,994	-	(2,569)	2,392,534	3,179,959
Transfer from regulatory reserve	-	-	-	(275,074)	-	275,074	-
Issue of ordinary shares (Note A8(i)(a))	646,955	-	-	-	-	-	646,955
Dividend on ordinary shares (Note A9(a) & (b))	-	-	-	-	-	(2,798,490)	(2,798,490)
Total transactions with shareholder/ other equity movements	646,955	-	-	(275,074)	-	(2,523,416)	(2,151,535)
At 31 December 2023	11,676,910	1,697	620,148	629,580	(2,757)	2,524,541	15,450,119

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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<=====Non-distributable=====>					Distributable		Total equity RM'000
	Share capital RM'000	Equity contribution from the holding company RM'000	Fair value through other comprehensive income reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000		
At 1 January 2022	10,322,374	1,697	77,255	121,014	(48)	3,247,267	13,769,559	
Profit for the financial year	-	-	-	-	-	3,032,921	3,032,921	
Other comprehensive loss	-	-	(247,101)	-	(140)	-	(247,241)	
Total comprehensive (loss)/income for the financial year	-	-	(247,101)	-	(140)	3,032,921	2,785,680	
Transfer to regulatory reserve	-	-	-	783,640	-	(783,640)	-	
Issue of ordinary shares	707,581	-	-	-	-	-	707,581	
Dividend on ordinary shares	-	-	-	-	-	(2,841,125)	(2,841,125)	
Total transactions with shareholder/ other equity movements	707,581	-	-	783,640	-	(3,624,765)	(2,133,544)	
At 31 December 2022	11,029,955	1,697	(169,846)	904,654	(188)	2,655,423	14,421,695	

(These audited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these financial statements)

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	31 December 2023 RM'000	31 December 2022 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	3,160,961	4,534,069
Adjustments for:		
Amortisation of premiums, net	56,718	79,973
Allowances for impairment losses on financing and advances, net (Writeback of)/allowances for impairment losses on financial investments, net	1,112,693	494,598
Writeback of impairment losses on other financial assets, net	(13,939)	881
Depreciation of property, plant and equipment	(716)	(6,285)
Depreciation of right-of-use assets	147	277
Finance cost on lease liabilities	3,228	3,150
Unrealised gains on revaluation of derivatives	162	239
Unrealised (gains)/losses on revaluation of financial investments at fair value through profit or loss	(39,010)	(1,075)
Gains on disposal of financial investments at fair value through other comprehensive income	(692)	1,305
Gains on disposal of financial investment at fair value through profit or loss	(146,852)	(23,200)
Gains on foreign exchange translations	(19,461)	(4,685)
ESGP expenses	(350,922)	(102,374)
Finance costs	2,070	2,703
Operating profit before working capital changes	561,563	428,760
Change in deposits and placements with banks and other financial institutions	4,325,950	5,408,336
Change in financial assets purchased under resale agreements	5,329,880	(2,329,723)
Change in financial investments portfolio	2,064,293	8,305,339
Change in financing and advances	1,333,708	(4,343,238)
Change in derivative assets and liabilities	(24,061,103)	(23,533,230)
Change in other assets	66,574	61,860
Change in statutory deposit with Bank Negara Malaysia	1,545,093	(522,175)
Change in deposits from customers	(115,407)	(3,485,289)
Change in deposits and placements of banks and other financial institutions	915,515	30,268,545
Change in investment accounts of customers	6,368,848	124,152
Change in obligations on financial assets sold under repurchase agreements	1,944,875	(3,289,134)
Change in bills and acceptances payable	(461,081)	461,081
Change in other liabilities	48,227	13,008
Cash (used in)/generated from operating activities	(1,348,963)	1,134,273
Taxes and zakat paid	(2,043,591)	8,273,805
Net cash (used in)/generated from operating activities	(1,230,337)	(1,237,764)
	(3,273,928)	7,036,041

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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	31 December 2023 RM'000	31 December 2022 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(151)
Net cash used in investing activities	-	(151)
Cash flows from financing activities		
Proceeds from issuance of shares	646,955	707,581
Dividend paid on ordinary shares	(2,798,490)	(2,841,125)
Dividend paid for capital securities	(47,600)	(49,500)
Dividend paid for subordinated sukuk	(74,000)	(73,921)
Drawdown/(redemption) of term funding	1,500,000	(1,500,000)
Dividend paid for term funding	(428,938)	(307,329)
Repayment of lease liabilities	(3,227)	(3,002)
Net cash used in financing activities	(1,205,300)	(4,067,296)
Net (decrease)/increase in cash and cash equivalents	(4,479,228)	2,968,594
Cash and cash equivalents at beginning of the financial year	15,092,586	12,123,992
Cash and cash equivalents at end of the financial year	10,613,358	15,092,586
Cash and cash equivalents comprise:		
Cash and short-term funds	7,811,508	15,092,586
Deposits and placements with banks and other financial institutions	2,801,850	5,329,880
	10,613,358	20,422,466
Less:		
Cash and short-term funds and deposits and placements with banks and other financial institutions, with original maturity of more than three months	-	(5,329,880)
Cash and cash equivalents at end of the financial year	10,613,358	15,092,586

(These audited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements)

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Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) Interim Financial Reporting

A1. Basis of preparation

The audited condensed interim financial statements for Maybank Islamic Berhad (“MIB” or “the Bank”) have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

The audited condensed interim financial statements have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and the principles of Shariah.

The audited condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2022. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2022.

The material accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2022 except for adoption of the following Malaysian Financial Reporting Standards (“MFRSs”) and amendments to MFRSs, which are effective for annual periods beginning on or after 1 January 2023:

- Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 112 *Income Taxes - International Tax Reform - Pillar Two Model Rules*

The adoption of the above amendments to MFRSs do not have any significant financial impact to the Bank's financial statements.

Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*

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

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A1. Basis of preparation (cont'd.)

Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies* (cont'd.)

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

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

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

The amendments clarify the followings:

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

The amendments are to be applied retrospectively in annual periods beginning on or after 1 January 2023, earlier application is permitted. The amendments do not have any impact on the Bank's financial statements.

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

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

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

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A1. Basis of preparation (cont'd.)

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

The amendments specify the treatment for deferred tax on transactions related to leases and decommissioning obligation. The amendments clarify that the initial recognition exemption set out in MFRS 112 does not apply to transactions that give rise to equal amounts of taxable and deductible temporary difference. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are to be applied to transactions that occur on or after the beginning of the earliest comparative period presented. These amendments do not have significant impact on the preparation of the Bank's financial statements.

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

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

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

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

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

The amendments are to be applied retrospectively in annual periods beginning on or after 1 January 2023, earlier application is permitted. The amendments do not have any impact on the Bank's financial statements.

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A1. Basis of preparation (cont'd.)

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 Bank’s financial statements. The Bank intends to adopt these standards and annual improvements to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 7 <i>Financial Instruments: Disclosures - Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of cashflow: Disclosures - Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

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

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

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

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

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A1. Basis of preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

Amendments to MFRS 7 *Financial Instruments: Disclosures - Supplier Finance Arrangements* (cont'd.)

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

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. These amendments are not expected to have a significant impact on the preparation of the Bank's financial statements.

Amendments to MFRS 107 *Statement of cashflow: Disclosures - Supplier Finance Arrangements*

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

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. These amendments are not expected to have a significant impact on the preparation of the Bank's financial statements.

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A1. Basis of preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

Amendments to MFRS 101 *Presentation of Financial Statements - Non-current Liabilities with Covenants*

The amendments clarify the following:

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024 and will need to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early adoption is permitted, but will need to be disclosed. These amendments are not expected to have a significant impact on the preparation of the Bank's financial statements.

Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

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

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

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

The amendments clarify that:

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

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

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A2. Significant accounting policies

The audited annual financial statements of the Bank for the financial year ended 31 December 2022 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of Companies Act 2016 in Malaysia. The significant accounting policies adopted in preparing these audited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2022 except for the adoption of the amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2023 as disclosed in Note A1.

A3. Significant accounting estimates and judgements

The preparation of unaudited condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2022.

A4. Auditors' report on preceding audited annual financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2022 was not qualified.

A5. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the financial year ended 31 December 2023.

A6. Unusual items due to their nature, size or incidence

During the financial year ended 31 December 2023, save as disclosed in Note A8 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank.

A7. Changes in estimates

There were no material changes in estimates during the financial year ended 31 December 2023.

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A8. Changes in debt and equity securities

- (i) The following are the changes in debt and equity securities for the Bank during the financial year ended 31 December 2023:

(a) **Share capital**

The share capital of the Bank increased from RM11,029,954,534 as at 31 December 2022 to RM11,676,910,001 as at 31 December 2023 via the issuance of 24,006,125 new ordinary shares at RM26.9496 per share to Maybank on the basis of one new share for every nineteen existing ordinary shares held on 22 March 2023.

(b) **Term funding**

Issuance/redemption of term funding by the Bank

The aggregate nominal value of the Islamic commercial papers issued by the Bank and outstanding as at 31 December 2023 are as follows:

Currency	Description	Aggregate Nominal Value
RM	Zero Profit Islamic Commercial Paper ("ICP")	8,000.0

A9. Dividends paid/declared

Dividends paid/declared during the financial year ended 31 December 2023 are as follows:

- (a) On 27 February 2023, the Board of Directors had declared a single-tier second interim dividend in respect of the financial year ended 31 December 2022 of RM3.546 per ordinary share on 456,116,375 ordinary shares, amounting to a dividend payable of RM1,617,388,666. The payment of dividend was completed on 22 March 2023.
- (b) On 24 August 2023, the Board of Directors had declared a single-tier first interim dividend in respect of the financial year ended 31 December 2023 of RM2.46 per share on 480,122,500 ordinary shares, amounting to RM1,181,101,350. The payment of dividend was completed on 26 September 2023.
- (c) On 28 February 2024, the Board of Directors had declared a single-tier second interim dividend in respect of the current financial year ended 31 December 2023 of RM2.523 per ordinary share on 480,122,500 ordinary shares, amounting to a dividend payable of RM1,211,349,068.

The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in the statement of changes in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

A10. Related party transactions

All related party transactions within Maybank Group had been entered into in the normal course of business and were carried out on normal commercial terms.

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A11. Financial investments portfolio

	Note	31 December 2023 RM'000	31 December 2022 RM'000
Financial investments at fair value through profit or loss	(i)	1,331,059	309,504
Financial investments at fair value through other comprehensive income	(ii)	24,342,546	15,645,983
Financial investments at amortised cost	(iii)	13,759,189	27,461,699
		39,432,794	43,417,186

Included in notes (ii) and (iii) are the impact of Maybank Group Investment Management Framework ("GIMF") implementation during the financial year ended 31 December 2023 which constitutes a change in business model for managing financial assets under MFRS 9 *Financial Instruments*.

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

	31 December 2023 RM'000	31 December 2022 RM'000
At fair value		
Money market instruments:		
Malaysian Government Investment Issues	378,487	-
Bank Negara Malaysia Monetary Notes	713,291	-
Cagamas Sukuk	30,009	-
	1,121,787	-
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	126,293	-
Outside Malaysia:		
Islamic Corporate Sukuk	82,979	309,504
	209,272	309,504
Total financial investments at FVTPL	1,331,059	309,504

(ii) Financial investments at fair value through other comprehensive income ("FVOCI")

	31 December 2023 RM'000	31 December 2022 RM'000
At fair value		
Money market instruments:		
Bank Negara Malaysia Monetary Notes	584,212	-
Malaysian Government Investment Issues	16,320,593	12,457,878
	16,904,805	12,457,878

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A11. Financial investments portfolio (cont'd.)

(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (cont'd.)

	Note	31 December 2023 RM'000	31 December 2022 RM'000
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(a)	7,436,491	3,186,855
Equity		1,250	1,250
		<u>7,437,741</u>	<u>3,188,105</u>
Total financial investments at FVOCI		<u>24,342,546</u>	<u>15,645,983</u>

(a) As at 31 December 2023, the Corporate Sukuk funded by RPSIA amounting to RM940.9 million (31 December 2022: RM537.8 million) was recorded off-balance sheet.

(b) Movements in the allowances for impairment losses on financial investments at FVOCI are as follows:

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
As at 31 December 2023				
At 1 January 2023	607	1,414	-	2,021
Net remeasurement of allowances	(533)	-	-	(533)
New financial assets purchased	343	-	-	343
Financial assets derecognised	(31)	(1,414)	-	(1,445)
Changes in models/risk parameters	(7)	-	-	(7)
Exchange differences	1	-	-	1
At 31 December 2023	<u>380</u>	<u>-</u>	<u>-</u>	<u>380</u>

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A11. Financial investments portfolio (cont'd.)

(ii) Financial investments at fair value through other comprehensive income ("FVOCI") (cont'd.)

(b) Movements in the allowances for impairment losses on financial investments at FVOCI are as follows (cont'd.):

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

(iii) Financial investments at amortised cost

	Note	31 December 2023	31 December 2022
		RM'000	RM'000
Money market instruments:			
Malaysian Government Investment Issues		9,260,073	15,437,414
Khazanah Sukuk		562,011	545,883
Cagamas Sukuk		-	125,468
		<u>9,822,084</u>	<u>16,108,765</u>
Unquoted securities:			
In Malaysia:			
Corporate Sukuk	(a)	<u>3,955,924</u>	<u>11,384,050</u>
Allowances for impairment losses	(b)	<u>(18,819)</u>	<u>(31,116)</u>
Total financial investments at amortised cost		<u>13,759,189</u>	<u>27,461,699</u>

(a) As at 31 December 2023, the Corporate Sukuk funded by RPSIA amounting to RM7,357.8 million (31 December 2022: RM4,164.2 million) was recorded off-balance sheet.

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A11. Financial investments portfolio (cont'd.)

(iii) Financial investments at amortised cost (cont'd.)

(b) Movements in the allowances for impairment losses on financial investments at amortised cost are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2023				
At 1 January 2023	30,266	850	-	31,116
Transferred to Stage 3	-	(850)	850	-
Net remeasurement of allowances	(28,117)	-	15,891	(12,226)
New financial assets purchased	66	-	-	66
Financial assets derecognised	(873)	-	-	(873)
Changes in models/risk parameters	736	-	-	736
At 31 December 2023	2,078	-	16,741	18,819

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

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A12. Financing and advances

	31 December 2023 RM'000	31 December 2022 RM'000
Financing and advances*:		
(A) Financing and advances at FVOCI	1,491,790	3,141,460
(B) Financing and advances at amortised cost	289,328,434	280,573,323
	290,820,224	283,714,783
Unearned income	(58,938,346)	(66,345,579)
Gross financing and advances	231,881,878	217,369,204
Allowances for ECL and impairment losses:		
- Stage 1 - 12-month ECL	(548,816)	(442,735)
- Stage 2 - Lifetime ECL not credit impaired	(1,423,854)	(1,309,534)
- Stage 3 - Lifetime ECL credit impaired	(1,102,053)	(1,237,312)
Net financing and advances	228,807,155	214,379,623

* As at 31 December 2023, the financing and advances funded by RPSIA amounting to RM34,308.6 million (31 December 2022: RM25,882.8 million) was recorded off-balance sheet.

The gross exposure of the financing and advances funded by investment accounts of customers ("IA") as at 31 December 2023 was RM27,354.3 million (31 December 2022: RM25,637.7 million).

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A12. Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah concepts are as follows:

As at 31 December 2023	Bai'¹ RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al- Bai' ("AITAB")² RM'000	Ijarah³ RM'000	Others RM'000	Total financing and advances RM'000
Cashline	-	7,068,707	-	-	-	-	7,068,707
Term financing							
- House financing	10,805,361	97,680,534	1,397,371	-	-	590	109,883,856
- Syndicated financing	-	5,213,306	-	-	-	-	5,213,306
- Hire purchase receivables	-	14,063,247	-	47,001,375	-	-	61,064,622
- Lease receivables	-	-	-	-	2,548,038	-	2,548,038
- Other term financing	4,645,909	82,088,431	402,904	-	-	41,582	87,178,826
Bills receivable	-	-	-	-	-	52	52
Trust receipts	-	212,698	-	-	-	-	212,698
Claims on customers under acceptance credits	-	7,786,061	-	-	-	-	7,786,061
Staff financing	234,631	2,894,181	5,608	141,127	-	48,654	3,324,201
Credit card receivables	-	-	-	-	-	2,158,462	2,158,462
Revolving credit	-	4,340,427	-	-	-	-	4,340,427
Share margin financing	-	38,482	-	-	-	-	38,482
Financing to:							
- Directors of the Bank	-	1,631	-	186	-	84	1,901
- Directors of related companies	-	348	-	237	-	-	585
	15,685,901	221,388,053	1,805,883	47,142,925	2,548,038	2,249,424	290,820,224
Unearned income							(58,938,346)
Gross financing and advances ⁴							231,881,878
Allowances for ECL and impairment losses:							
- Stage 1 - 12-month ECL							(548,816)
- Stage 2 - Lifetime ECL not credit impaired							(1,423,854)
- Stage 3 - Lifetime ECL credit impaired							(1,102,053)
Net financing and advances							228,807,155

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

² The Bank is the owner of the asset. The ownership of an asset will be transferred to the customer via sale at the end of the Ijarah financing.

³ The Bank is the owner of the asset. The ownership of an asset will be transferred to the customer at the end of the Ijarah financing subject to the customer's execution of the purchase option.

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

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A12. Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah concepts are as follows (cont'd.):

As at 31 December 2022	Bai¹ RM'000	Murabahah RM'000	Musharakah RM'000	Al-Ijarah Thumma Al- Bai' ("AITAB")² RM'000	Ijarah³ RM'000	Others RM'000	Total financing and advances RM'000
Cashline	-	6,837,168	-	-	-	-	6,837,168
Term financing							
- House financing	11,752,044	87,570,087	1,552,014	-	-	599	100,874,744
- Syndicated financing	-	7,229,950	-	-	-	-	7,229,950
- Hire purchase receivables	-	13,349,586	-	41,455,457	-	-	54,805,043
- Lease receivables	-	-	-	-	1,735,870	-	1,735,870
- Other term financing	6,507,592	87,128,112	483,889	-	-	150,491	94,270,084
Trust receipts	-	175,810	-	-	-	-	175,810
Claims on customers under acceptance credits	-	6,024,358	-	-	-	-	6,024,358
Staff financing	282,744	2,548,232	6,488	137,263	-	43,715	3,018,442
Credit card receivables	-	-	-	-	-	1,779,342	1,779,342
Revolving credit	-	6,909,108	-	-	-	-	6,909,108
Share margin financing	-	49,724	-	-	-	-	49,724
Financing to:							
- Directors of the Bank	-	2,032	-	-	-	37	2,069
- Directors of related companies	-	2,899	-	137	-	35	3,071
	<u>18,542,380</u>	<u>217,827,066</u>	<u>2,042,391</u>	<u>41,592,857</u>	<u>1,735,870</u>	<u>1,974,219</u>	<u>283,714,783</u>
Unearned income							(66,345,579)
Gross financing and advances ⁴							<u>217,369,204</u>
Allowances for ECL and impairment losses:							
- Stage 1 - 12-month ECL							(442,735)
- Stage 2 - Lifetime ECL not credit impaired							(1,309,534)
- Stage 3 - Lifetime ECL credit impaired							(1,237,312)
Net financing and advances							<u><u>214,379,623</u></u>

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

² The Bank is the owner of the asset. The ownership of an asset will be transferred to the customer via sale at the end of the Ijarah financing.

³ The Bank is the owner of the asset. The ownership of an asset will be transferred to the customer at the end of the Ijarah financing subject to the customer's execution of the purchase option.

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

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A12. Financing and advances (cont'd.)

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

	31 December 2023 RM'000	31 December 2022 RM'000
Domestic non-banking financial institutions	5,074,447	5,070,402
Domestic business enterprises:		
- Small and medium enterprises	44,525,336	36,949,925
- Others	16,548,233	19,948,088
Government and statutory bodies	116,470	3,024,602
Individuals	163,584,593	150,215,905
Other domestic entities	157,160	112,416
Foreign entities	1,875,639	2,047,866
Gross financing and advances	<u>231,881,878</u>	<u>217,369,204</u>

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

	31 December 2023 RM'000	31 December 2022 RM'000
Fixed rate:		
- House financing	1,618,028	1,678,831
- Hire purchase receivables	42,032,224	37,177,565
- Other financing	11,120,924	16,285,363
Floating rate:		
- House financing	78,113,967	66,675,784
- Other financing	98,996,735	95,551,661
Gross financing and advances	<u>231,881,878</u>	<u>217,369,204</u>

(iv) Financing and advances analysed by their economic purposes are as follows:

	31 December 2023 RM'000	31 December 2022 RM'000
Purchase of securities	22,391,172	26,491,247
Purchase of transport vehicles	54,676,294	49,567,413
Purchase of landed properties:		
- Residential	82,158,475	69,603,629
- Non-residential	20,653,905	18,016,280
Purchase of fixed assets (excluding landed properties)	294,376	267,159
Personal use	3,674,884	3,198,911
Purchase of consumer durables	584	475
Constructions	2,418,548	2,379,126
Mergers and acquisitions	-	460,000
Working capital	43,388,891	45,556,016
Credit cards	2,224,749	1,828,948
Gross financing and advances	<u>231,881,878</u>	<u>217,369,204</u>

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A12. Financing and advances (cont'd.)

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

	31 December 2023 RM'000	31 December 2022 RM'000
Within one year	23,900,036	24,619,767
One year to three years	8,916,511	7,994,328
Three years to five years	19,117,586	19,579,563
After five years	179,947,745	165,175,546
Gross financing and advances	<u>231,881,878</u>	<u>217,369,204</u>

(vi) Movements in the credit impaired financing and advances are as follows:

	31 December 2023 RM'000	31 December 2022 RM'000
Gross impaired financing and advances at 1 January	2,061,080	1,492,756
Impaired during the financial year	1,605,365	1,237,425
Reclassified as non-impaired	(56,988)	(65,139)
Amount recovered	(99,115)	(223,830)
Amount written-off	(1,060,045)	(380,132)
Gross impaired financing and advances at 31 December	<u>2,450,297</u>	<u>2,061,080</u>
Less: Stage 3 - Lifetime ECL credit impaired	(1,102,053)	(1,237,312)
Net impaired financing and advances at 31 December	<u>1,348,244</u>	<u>823,768</u>

Calculation of ratio of net impaired financing and advances (excluding financing funded by IA):

Gross impaired financing and advances	2,323,152	2,001,463
Less: Stage 3 - Lifetime ECL credit impaired	(1,102,053)	(1,237,312)
Net impaired financing and advances	<u>1,221,099</u>	<u>764,151</u>

Gross financing and advances	204,527,541	191,731,502
Less: Allowances for financing and advances at amortised cost and at fair value through other comprehensive income	(3,094,536)	(2,996,850)
Net financing and advances	<u>201,433,005</u>	<u>188,734,652</u>

Ratio of net impaired financing and advances	<u>0.61%</u>	<u>0.40%</u>
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A12. Financing and advances (cont'd.)

(vii) Credit impaired financing and advances analysed by their economic purposes are as follows:

	31 December 2023 RM'000	31 December 2022 RM'000
Purchase of securities	12,098	7,462
Purchase of transport vehicles	222,367	129,899
Purchase of landed properties:		
- Residential	357,454	256,992
- Non-residential	325,396	187,865
Purchase of fixed assets (excluding landed properties)	2,154	2,720
Personal use	407,599	32,286
Purchase of consumer durables	1	2
Constructions	224,916	204,506
Working capital	883,749	1,228,537
Credit cards	14,563	10,811
Gross credit impaired financing and advances	<u>2,450,297</u>	<u>2,061,080</u>

(viii) Movements in the allowances for impairment losses on financing and advances are as follows:

At fair value through other comprehensive income

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2023				
At 1 January 2023	7,269	-	-	7,269
Transferred to Stage 2	(3,186)	3,186	-	-
Net remeasurement of allowances	-	10,203	-	10,203
New financial assets originated or purchased	1,827	-	-	1,827
Financial assets derecognised	(371)	-	-	(371)
Changes in models/risk parameters	873	-	-	873
Exchange differences	12	-	-	12
At 31 December 2023	<u>6,424</u>	<u>13,389</u>	<u>-</u>	<u>19,813</u>

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A12. Financing and advances (cont'd.)

(viii) Movements in the allowances for impairment losses on financing and advances are as follows (cont'd.):

At fair value through other comprehensive income (cont'd.)

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

At amortised cost

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
As at 31 December 2023	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	442,735	1,309,534	1,237,312	2,989,581
Transferred to Stage 1	114,366	(108,573)	(5,793)	-
Transferred to Stage 2	(31,198)	46,414	(15,216)	-
Transferred to Stage 3	(8,799)	(98,770)	107,569	-
Net remeasurement of allowances	41,988	299,978	803,183	1,145,149
New financial assets originated or purchased	134,253	71,265	-	205,518
Financial assets derecognised	(67,846)	(58,074)	25,299	(100,621)
Changes in models/risk parameters	(77,070)	(38,031)	(10,877)	(125,978)
Amount written-off	-	-	(1,060,045)	(1,060,045)
Exchange differences	387	111	20,621	21,119
At 31 December 2023	<u>548,816</u>	<u>1,423,854</u>	<u>1,102,053</u>	<u>3,074,723</u>

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A12. Financing and advances (cont'd.)

(viii) Movements in the allowances for impairment losses on financing and advances are as follows (cont'd.):

At amortised cost (cont'd.)

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

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A13. Derivative financial instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of derivative's underlying asset, reference rate or index and is the basis upon which change in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the reporting date and are indicative of neither the market risks nor the credit risk.

The Bank enters into derivative financial instruments at the request and on behalf of its customers as well as to hedge the Bank's own exposures and not for speculative purpose. Derivative financial instruments that are entered into for hedging purpose but which the Bank have not used to apply hedge accounting or which relate to customers' transactions are classified as trading derivatives.

	31 December 2023			31 December 2022		
	Principal	Fair value	Fair value	Principal	Fair value	Fair value
	Amount	Assets	Liabilities	Amount	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	8,006,888	38,165	(97,359)	7,169,578	16,622	(220,596)
- One year to three years	1,214,410	17,595	(17,595)	735,487	1,847	(1,847)
- More than three years	2,211,892	16,097	(16,097)	2,396,107	31,628	(31,628)
	<u>11,433,190</u>	<u>71,857</u>	<u>(131,051)</u>	<u>10,301,172</u>	<u>50,097</u>	<u>(254,071)</u>
Currency swaps:						
- Less than one year	<u>23,968,277</u>	<u>75,316</u>	<u>(163,348)</u>	<u>9,208,639</u>	<u>185,047</u>	<u>(83,280)</u>
Currency spots:						
- Less than one year	<u>261,522</u>	<u>140</u>	<u>(313)</u>	<u>193,731</u>	<u>4,446</u>	<u>(257)</u>
Currency options:						
- Less than one year	<u>20,271</u>	<u>53</u>	<u>(53)</u>	<u>4,348</u>	<u>10</u>	<u>(10)</u>

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A13. Derivative financial instruments (cont'd.)

	31 December 2023			31 December 2022		
	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Principal Amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
<u>Trading derivatives (cont'd.)</u>						
<u>Foreign exchange related contracts (cont'd.)</u>						
Cross currency profit rate swaps:						
- Less than one year	-	-	-	5,064	225	(225)
- One year to three years	-	-	-	7,225	283	(283)
- More than three years	425,504	12,896	(14,049)	416,486	2,790	(2,790)
	425,504	12,896	(14,049)	428,775	3,298	(3,298)
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- Less than one year	-	-	-	3,012,000	18,501	(18,501)
- One year to three years	37,321	164	(164)	65,437	494	(494)
- More than three years	220,000	193	(115)	220,000	1,870	(1,780)
	257,321	357	(279)	3,297,437	20,865	(20,775)
<u>Hedging derivatives</u>						
<u>Profit rate related contracts</u>						
Profit rate swaps:						
- More than three years	-	-	-	1,635,000	-	(22,983)
Total	36,366,085	160,619	(309,093)	25,069,102	263,763	(384,674)

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A14. Other assets

	31 December 2023 RM'000	31 December 2022 RM'000
Amount due from holding company	2,723,755	4,170,395
Handling fees	239,621	218,146
Prepayments and deposits	15,407	15,006
Tax recoverable	350,050	-
Margin account with holding company	118,860	-
Other debtors	504,877	747,218
	<u>3,952,570</u>	<u>5,150,765</u>

A15. Deposits from customers

(i) By type of deposits

	31 December 2023 RM'000	31 December 2022 RM'000
Savings deposits		
Murabahah	27,898,298	27,711,469
Qard	537,261	601,896
	<u>28,435,559</u>	<u>28,313,365</u>
Demand deposits		
Murabahah	38,688,322	37,422,903
Qard	497,776	1,381,375
	<u>39,186,098</u>	<u>38,804,278</u>
Term deposits		
Murabahah	142,778,570	142,073,732
Qard	298,752	592,088
	<u>143,077,322</u>	<u>142,665,820</u>
	<u>210,698,979</u>	<u>209,783,463</u>

(ii) By type of customers

	31 December 2023 RM'000	31 December 2022 RM'000
Business enterprises	88,595,093	76,896,558
Individuals	62,192,971	59,602,414
Government and statutory bodies	32,383,000	38,164,258
Others	27,527,915	35,120,233
	<u>210,698,979</u>	<u>209,783,463</u>

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A16. Investment accounts

	31 December 2023 RM'000	31 December 2022 RM'000
Investment accounts of customers		
- Unrestricted investment accounts	27,354,337	25,637,702
Restricted investment accounts managed by the Bank ¹	42,884,778	30,552,966

(i) Investment accounts are sourced from the following type of customers:

	Unrestricted investment accounts			Restricted investment accounts managed by the Bank¹ Mudharabah RM'000
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	
As at 31 December 2023				
Business enterprises	14,795,428	-	14,795,428	-
Individuals	10,344,687	-	10,344,687	-
Government and statutory bodies	322,997	-	322,997	-
Licensed banks	-	-	-	42,226,738
Others	1,640,671	250,554	1,891,225	658,040
	27,103,783	250,554	27,354,337	42,884,778
				Restricted investment accounts managed by the Bank¹ Mudharabah RM'000
As at 31 December 2022				
Business enterprises	13,389,602	-	13,389,602	-
Individuals	10,342,032	-	10,342,032	-
Government and statutory bodies	246,938	-	246,938	-
Licensed banks	-	-	-	30,123,166
Others	1,659,130	-	1,659,130	429,800
	25,637,702	-	25,637,702	30,552,966

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A16. Investment accounts (cont'd.)

(ii) Maturity profile of investment accounts are as follows:

	Unrestricted investment accounts			Restricted investment accounts managed by the Bank ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
As at 31 December 2023				
- without maturity	23,437,559	-	23,437,559	-
- with maturity	3,666,224	250,554	3,916,778	42,884,778
Within six months	2,558,744	190,510	2,749,254	12,974,987
Six months to one year	1,073,409	60,044	1,133,453	163,298
One year to three years	30,557	-	30,557	6,470,699
Three years to five years	3,514	-	3,514	23,275,794
	27,103,783	250,554	27,354,337	42,884,778

	Unrestricted investment accounts			Restricted investment accounts managed by the Bank ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
As at 31 December 2022				
- without maturity	21,160,119	-	21,160,119	-
- with maturity	4,477,583	-	4,477,583	30,552,966
Within six months	3,055,394	-	3,055,394	10,280,098
Six months to one year	1,403,496	-	1,403,496	30,109
One year to three years	13,924	-	13,924	3,995,512
Three years to five years	4,769	-	4,769	16,247,247
	25,637,702	-	25,637,702	30,552,966

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A16. Investment accounts (cont'd.)

(iii) The allocation of investment assets are as follows:

	Unrestricted investment accounts			Restricted investment accounts managed by the Bank ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
As at 31 December 2023				
Retail financing	26,103,783	250,554	26,354,337	-
Non-retail financing	1,000,000	-	1,000,000	34,496,355
Corporate Sukuk	-	-	-	8,388,423
	27,103,783	250,554	27,354,337	42,884,778

	Unrestricted investment accounts			Restricted investment accounts managed by the Bank ¹
	Mudharabah ² RM'000	Wakalah RM'000	Total RM'000	Mudharabah RM'000
As at 31 December 2022				
Retail financing	23,987,702	-	23,987,702	-
Non-retail financing	1,650,000	-	1,650,000	25,955,010
Corporate Sukuk	-	-	-	4,597,956
	25,637,702	-	25,637,702	30,552,966

(iv) Profit sharing ratio and rate of return are as follows:

	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 December 2023		
Investment accounts of customers		
Unrestricted investment accounts		
- Mudharabah ²	38.18	1.61
- Wakalah	-	4.11
Restricted investment accounts managed by the Bank ¹	79.41	4.17

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A16. Investment accounts (cont'd.)

(iv) Profit sharing ratio and rate of return are as follows (cont'd.):

	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 December 2022		
Investment accounts of customers		
Unrestricted investment accounts		
- Mudharabah ²	32.04	2.58
- Wakalah	-	-
Restricted investment accounts managed by the Bank ¹	76.29	4.60

¹ Included in the restricted investment accounts managed by the Bank is an arrangement between the Bank with the holding company and with the third party where the Bank acts as an investment agent to manage and administer the restricted investment accounts amounting to RM42,226.7 million and RM658.0 million (31 December 2022: RM30,123.2 million and RM429.8 million) respectively. The amount of restricted investment accounts managed by the Bank are disclosed net of any impairment allowances required on the underlying financial assets funded by the restricted investment accounts.

² The total funds invested in Multi-Asset Investment Account-i ("MAIA") product was RM121.1 million (31 December 2022: RM122.7 million) of which RM0.7 million (31 December 2022: RM59.6 million) are the funds managed by the Bank. The remaining are managed by a related entity, Maybank Islamic Asset Management Sdn Bhd ("MIAM") where the funds are invested in marketable securities with net asset value of RM120.4 million as at 31 December 2023 (31 December 2022: RM63.1 million). The funds managed by MIAM are excluded from the asset and liability of the Bank.

A17. Deposits and placements of banks and other financial institutions

	31 December 2023	31 December 2022
	RM'000	RM'000
<u>Non-Mudharabah Fund</u>		
Licensed banks	16,296,503	22,046,315
Licensed Islamic banks	399,757	99,226
Licensed investment banks	82,885	304,736
Other financial institutions	732,476	1,147,229
	17,511,621	23,597,506

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A18. Other liabilities

	Note	31 December 2023 RM'000	31 December 2022 RM'000
Sundry creditors		1,020,216	2,228,273
Deposit on trade financing		82,782	55,786
Provisions and accruals		53,940	86,692
Margin deposits from holding company		-	117,100
Allowances for impairment losses on financing commitments and financial guarantee contracts	(i)	107,173	137,937
Lease liabilities		3,539	6,622
Structured deposits		11,008	14,448
Amount due to related company		26,438	8,090
		1,305,096	2,654,948

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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2023				RM'000
At 1 January 2023	33,241	11,552	93,144	137,937
Transferred to Stage 1	679	(679)	-	-
Transferred to Stage 2	(941)	1,156	(215)	-
Transferred to Stage 3	(8)	-	8	-
Net remeasurement of allowances	(2,404)	(1,366)	67,382	63,612
New credit exposures originated or purchased	25,568	5,533	-	31,101
Credit exposures derecognised	(25,658)	(7,478)	(91,587)	(124,723)
Changes in models/risk parameters	(802)	-	-	(802)
Exchange differences	38	10	-	48
At 31 December 2023	29,713	8,728	68,732	107,173
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
As at 31 December 2022				RM'000
At 1 January 2022	31,665	17,433	1,622	50,720
Transferred to Stage 1	1,450	(1,447)	(3)	-
Transferred to Stage 2	(547)	547	-	-
Transferred to Stage 3	(2)	(6,652)	6,654	-
Net remeasurement of allowances	(77)	234	86,120	86,277
New credit exposures originated or purchased	25,654	12,435	-	38,089
Credit exposures derecognised	(25,235)	(11,004)	(1,249)	(37,488)
Changes in models/risk parameters	(2)	-	-	(2)
Exchange differences	335	6	-	341
At 31 December 2022	33,241	11,552	93,144	137,937

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A19. Sources and uses of charity funds

	31 December 2023 RM'000	31 December 2022 RM'000
Sources of charity funds		
Shariah non-compliant/prohibited income	<u>679</u>	<u>272</u>
Total sources of charity funds during the year	<u>679</u>	<u>272</u>
Uses of charity funds		
Contribution to non-profit organisation ¹	<u>-</u>	<u>272</u>
Total uses of charity funds during the year	<u>-</u>	<u>272</u>
Undistributed charity funds at 31 December	<u>679</u>	<u>-</u>

¹ Does not include fund refunded to customers of RM360,656 made during the financial year ended 31 December 2022.

A20. Term Funding

	31 December 2023 RM'000	31 December 2022 RM'000
Unsecured term funding:		
(a) Commercial Paper - Less than one year	7,894,346	6,413,953
(b) Medium Term Notes - More than one year	2,003,322	2,003,796
(c) Term funding - More than one year (note(a))	<u>1,034,559</u>	<u>1,003,453</u>
Total term funding	<u>10,932,227</u>	<u>9,421,202</u>

Note(a): Term funding relates to amounts received by the Bank under government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME financing at a below market rate with a six-year maturity to be repaid on 17 June 2026. The financing under the government scheme is for financing at concession rates to SMEs and for COVID-19 related relief measures.

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A21. Subordinated Sukuk

	31 December 2023 RM'000	31 December 2022 RM'000
RM1,000 million subordinated sukuk due in 2029	1,010,849	1,010,849
RM1,000 million subordinated sukuk due in 2031	1,011,044	1,011,044
	2,021,893	2,021,893

A22. Capital Securities

	31 December 2023 RM'000	31 December 2022 RM'000
RM1,000 million 4.76% Additional Tier 1 Sukuk Wakalah	1,002,347	1,002,347
	1,002,347	1,002,347

A23. Income derived from investment of depositors' funds

	Unaudited Fourth Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Income derived from investment of:				
i) General investment deposits	2,137,097	2,137,480	8,067,732	6,484,204
ii) Other deposits	1,077,004	680,734	3,813,000	3,050,519
	3,214,101	2,818,214	11,880,732	9,534,723

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A23. Income derived from investment of depositors' funds (cont'd.)

i) Income derived from investment of general investment deposits

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2023 RM'000	31 December 2022 RM'000	Cumulative 12 Months Ended 31 December 2023 RM'000	31 December 2022 RM'000
Finance income and hibah				
Financing and advances	1,572,957	1,584,889	6,001,781	4,816,156
Money at call and deposits with financial institutions	65,795	73,117	257,597	158,993
Financial assets purchased under resale agreements	10,442	15,582	43,779	87,640
Financial investments at fair value through other comprehensive income	166,380	126,167	488,556	404,981
Financial investments at amortised cost	82,511	206,671	596,002	674,970
Financial investments at fair value through profit or loss	2,539	1,342	6,178	2,660
	<u>1,900,624</u>	2,007,768	<u>7,393,893</u>	6,145,400
Amortisation of premiums, net	<u>(7,243)</u>	(14,905)	<u>(36,493)</u>	(51,670)
Total finance income and hibah	1,893,381	1,992,863	7,357,400	6,093,730
Other operating income :				
Fee income:				
- Processing fees	19,093	4,698	36,506	25,287
- Commissions	48,684	39,981	162,687	142,454
- Service charges and other fees	44,116	41,977	168,234	136,247
Gains on disposal of financial investments at fair value through other comprehensive income	48,056	4,527	94,485	14,989
Gains on disposal of financial investments at fair value through profit or loss	5,351	2,388	12,521	3,027
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(39)	(669)	445	(843)
- Derivatives	(1,313)	(2,802)	25,099	694
Gains/(losses) on foreign exchange:				
- Realised	77,884	52,325	255,575	474,870
- Unrealised	1,240	1,805	(29,791)	(408,727)
Realised gains/(losses) on derivatives	63	38	(17,322)	716
Others	581	349	1,893	1,760
Total other operating income	<u>243,716</u>	144,617	<u>710,332</u>	390,474
Total	<u>2,137,097</u>	2,137,480	<u>8,067,732</u>	6,484,204

Included in finance income are income on impaired assets amounting to RM53.9 million (31 December 2022: RM39.9 million).

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A23. Income derived from investment of depositors' funds (cont'd.)

ii) Income derived from investment of other deposits

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2023 RM'000	31 December 2022 RM'000	Cumulative 12 Months Ended 31 December 2023 RM'000	31 December 2022 RM'000
Finance income and hibah				
Financing and advances	793,420	504,127	2,836,581	2,265,778
Money at call and deposits with financial institutions	33,262	27,981	121,746	74,799
Financial assets purchased under resale agreements	5,311	1,946	20,691	41,231
Financial investments at fair value through other comprehensive income	82,273	38,519	230,903	190,525
Financial investments at amortised cost	44,795	62,230	281,685	317,542
Financial investments at fair value through profit or loss	1,241	532	2,920	1,251
	<u>960,302</u>	<u>635,335</u>	<u>3,494,526</u>	<u>2,891,126</u>
Amortisation of premiums, net	(3,753)	(4,264)	(17,247)	(24,308)
Total finance income and hibah	956,549	631,071	3,477,279	2,866,818
Other operating income :				
Fee income:				
- Processing fees	9,220	671	17,253	11,896
- Commissions	24,297	11,151	76,890	67,018
- Service charges and other fees	22,250	12,703	79,511	64,098
Gains on disposal of financial investments at fair value through other comprehensive income	23,237	1,348	44,656	7,052
Gains on disposal of financial investments at fair value through profit or loss	2,610	1,076	5,918	1,424
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(12)	(302)	211	(397)
- Derivatives	(322)	(1,579)	11,863	327
Gains/(losses) on foreign exchange:				
- Realised	38,816	(6,963)	120,791	223,404
- Unrealised	236	31,531	(14,080)	(192,287)
Realised (losses)/gains on derivatives	(167)	(33)	(8,187)	337
Others	290	60	895	829
Total other operating income	120,455	49,663	335,721	183,701
Total	1,077,004	680,734	3,813,000	3,050,519

Included in finance income are income on impaired assets amounting to RM25.5 million (31 December 2022: RM18.8 million).

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A24. Income derived from investment of investment account funds

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financing and advances	297,074	274,345	1,159,512	1,088,386
Total finance income and hibah	297,074	274,345	1,159,512	1,088,386
Other operating income :				
Fee income:				
- Commissions	122	2,163	3,253	3,684
- Service charges and other fees	20	284	541	540
Total other operating income	142	2,447	3,794	4,224
Total	297,216	276,792	1,163,306	1,092,610

A25. Income derived from investment of shareholder's funds

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	103,135	101,197	489,821	372,353
Money at call and deposits with financial institutions	4,277	5,086	21,023	12,292
Financial assets purchased under resale agreements	662	729	3,573	6,776
Financial investments at fair value through other comprehensive income	11,742	7,913	39,872	31,310
Financial investments at amortised cost	3,808	12,886	48,641	52,184
Financial investments at fair value through profit or loss	186	95	504	206
	123,810	127,906	603,434	475,121
Amortisation of premiums, net	(424)	(910)	(2,978)	(3,995)
Total finance income and hibah	123,386	126,996	600,456	471,126

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A25. Income derived from investment of shareholder's funds (cont'd.)

	Unaudited		Audited	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Other operating income :				
Fee income:				
- Processing fees	1,459	227	2,979	1,955
- Commissions	3,323	2,415	13,277	11,014
- Service charges and other fees	2,892	2,623	13,730	10,534
Gains on disposal of financial investments at fair value through other comprehensive income	3,657	281	7,711	1,159
Gains on disposal of financial investments at fair value through profit or loss	396	180	1,022	234
Unrealised (losses)/gains on revaluation of:				
- Financial investments at fair value through profit or loss	(6)	(50)	36	(65)
- Derivatives	(258)	(239)	2,048	54
Gains/(losses) on foreign exchange:				
- Realised	5,344	1,256	20,858	36,714
- Unrealised	278	2,850	(2,431)	(31,600)
Realised gains/(losses) on derivatives	104	(2)	(1,414)	55
Others	40	18	155	136
Total other operating income	17,229	9,559	57,971	30,190
Total	140,615	136,555	658,427	501,316

Included in finance income are income on impaired assets amounting to RM4.4 million (31 December 2022: RM3.1 million).

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A26. Allowances for impairment losses on financing and advances, net

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2023 RM'000	31 December 2022 RM'000	Cumulative 12 Months Ended 31 December 2023 RM'000	31 December 2022 RM'000
Allowances for/(writeback of) impairment losses on financing and advances:				
- Stage 1 - 12-month ECL, net	200,415	(141,561)	30,358	(254,168)
- Stage 2 - Lifetime ECL not credit impaired, net	163,663	60,614	282,030	(2,534)
- Stage 3 - Lifetime ECL credit impaired, net	252,636	149,307	793,400	736,946
Impaired financing and advances				
- Written-off	559	3,981	6,568	14,560
- Recovered	(97,994)	(32,681)	(183,506)	(115,116)
Allowances for/(writeback of) impairment losses on other debts	59	(85)	337	(206)
	519,338	39,575	929,187	379,482

A27. (Writeback of)/allowances for impairment losses on financial investments, net

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2023 RM'000	31 December 2022 RM'000	Cumulative 12 Months Ended 31 December 2023 RM'000	31 December 2022 RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12-month ECL, net	-	(535)	(228)	(2,715)
- Stage 2 - Lifetime ECL not credit impaired, net	-	(8)	(1,414)	835
	-	(543)	(1,642)	(1,880)
Financial investments at amortised cost				
- Stage 1 - 12-month ECL, net	900	(1,991)	(28,188)	2,297
- Stage 2 - Lifetime ECL not credit impaired, net	-	(388)	-	464
- Stage 3 - Lifetime ECL credit impaired	(1,679)	-	15,891	-
	(779)	(2,379)	(12,297)	2,761
	(779)	(2,922)	(13,939)	881

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A28. Writeback of impairment losses on other financial assets, net

	Unaudited		Audited	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Financial assets purchased under resale agreements				
- Stage 1 - 12-month ECL, net	(615)	(2,406)	(716)	(6,285)
	<u>(615)</u>	<u>(2,406)</u>	<u>(716)</u>	<u>(6,285)</u>

A29. Profit distributed to depositors

	Unaudited		Audited	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Deposits from customers				
- Non-mudharabah fund	1,417,656	1,051,246	5,351,294	3,048,371
Deposits and placements of banks and other financial institutions				
- Non-mudharabah fund	212,140	165,884	811,093	477,795
Structured deposits				
- Non-mudharabah fund	148	170	502	588
Total	<u>1,629,944</u>	<u>1,217,300</u>	<u>6,162,889</u>	<u>3,526,754</u>

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A30. Overhead expenses

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	15,631	22,621	61,590	68,234
- Salaries, allowances and bonuses	12,483	17,405	46,317	51,529
- Social security cost	227	208	227	208
- Retirement cost	1,809	2,565	6,866	7,807
- ESGP expenses	9	867	2,070	2,703
- Other staff related expenses	1,103	1,576	6,110	5,987
Establishment costs	2,936	3,468	8,692	8,143
- Depreciation of right-of-use assets	798	856	3,228	3,150
- Depreciation of property, plant and equipment	38	51	147	277
- Repairs, servicing and maintenance	8	546	157	98
- Information technology expenses	2,049	1,948	4,989	4,374
- Finance cost on lease liabilities	34	62	162	239
- Others	9	5	9	5
Marketing costs	5,776	6,320	17,131	10,791
- Advertisement and publicity	4,567	5,241	13,930	7,555
- Others	1,209	1,079	3,201	3,236
Administration and general expenses	698,358	587,115	2,571,107	2,016,748
- Fees and brokerage	36,637	22,164	130,833	81,762
- Administrative expenses	4,365	4,290	18,361	18,124
- General expenses	9,859	9,361	29,908	28,000
- Shared service cost paid/payable to Maybank and related company	647,497	551,300	2,392,005	1,888,862
Total	722,701	619,524	2,658,520	2,103,916

A31. Finance costs

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Subordinated sukuk	18,652	18,652	74,000	74,000
Capital securities	11,998	12,383	47,600	49,406
Term funding	110,187	87,229	439,963	305,354
	140,837	118,264	561,563	428,760

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A32. Taxation and zakat

The analysis of the taxation and zakat expense are as follows:

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	177,635	391,873	766,455	1,495,784
Over provision in prior period/year:				
Malaysian income tax	-	-	(11,987)	(2,240)
Deferred tax				
- Relating to origination and reversal of temporary differences	<u>(46,772)</u>	<u>(8,779)</u>	<u>(37,244)</u>	<u>(18,725)</u>
Tax expense for the financial period/year	<u>130,863</u>	383,094	<u>717,224</u>	1,474,819
Zakat	<u>8,848</u>	<u>(7,172)</u>	<u>51,203</u>	26,329
	<u>139,711</u>	<u>375,922</u>	<u>768,427</u>	<u>1,501,148</u>

Domestic current income tax is calculated at the statutory tax rate of 24% of the estimated chargeable profit for the financial year.

A33. Credit exposure arising from credit transactions with connected parties

The credit exposures disclosed below are based on requirement of Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties:

	31 December 2023	31 December 2022
Outstanding credit exposure with connected parties (RM'000)	<u>2,771,237</u>	<u>8,017,112</u>
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<u>0.95%</u>	<u>2.75%</u>
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	<u>-</u>	<u>-</u>

* Impaired refers to non-performing as stated in Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A34. Subsequent events to the balance sheet

There were no material events subsequent to the balance sheet date that require disclosure or adjustment to the unaudited condensed interim financial statements.

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A35. Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Bank as at the reporting dates are as follows:

	31 December 2023			31 December 2022		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Contingent liabilities</u>						
Direct credit substitutes	3,347,374	3,182,771	1,809,347	3,051,481	2,801,221	1,964,993
Certain transaction-related contingent items	4,239,635	2,090,400	1,284,447	3,626,371	1,773,332	1,077,872
Short-term self-liquidating trade-related contingencies	527,091	106,965	30,600	460,706	94,078	28,023
	8,114,100	5,380,136	3,124,394	7,138,558	4,668,631	3,070,888
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- maturity within one year	41,374,483	2,010,363	380,901	35,592,554	1,819,903	356,347
- maturity exceeding one year	14,719,870	28,371,689	9,710,537	11,097,267	21,934,391	7,719,692
	56,094,353	30,382,052	10,091,438	46,689,821	23,754,294	8,076,039
Miscellaneous commitments and contingencies	86,637	-	-	1,599,299	42,903	-
Total credit-related commitments and contingencies	64,295,090	35,762,188	13,215,832	55,427,678	28,465,828	11,146,927

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A35. Commitments and contingencies (cont'd.)

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions (cont'd.).

The risk-weighted exposures of the Bank as at the reporting dates are as follows (cont'd.):

	31 December 2023			31 December 2022		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- less than one year	32,256,958	188,190	63,509	16,581,360	258,326	70,977
- one year to less than five years	3,102,341	210,071	111,072	3,013,711	242,332	96,492
- more than five years	749,465	56,175	21,610	541,594	54,166	15,526
Profit rate related contracts:						
- less than one year	-	-	-	3,012,000	16,109	5,270
- one year to less than five years	37,321	261	95	1,700,437	48,024	10,057
- more than five years	220,000	12,320	4,698	220,000	17,937	5,949
Total treasury-related commitments and contingencies	36,366,085	467,017	200,984	25,069,102	636,894	204,271
Total commitments and contingencies	100,661,175	36,229,205	13,416,816	80,496,780	29,102,722	11,351,198

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia for regulatory capital adequacy purposes.

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A36. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 15 December 2023 issued the Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Islamic banks. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

Common Equity Tier I ("CET1") Ratio	Tier 1 Capital Ratio	Total Capital Ratio
4.5%*	6.0%	8.0%

* In addition, BNM had introduced Capital Conservation Buffer of 2.5% of total risk-weighted assets ("RWA") as well as Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA.

- (ii) Total RWA is calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by BNM on 18 December 2023 for Islamic Banks.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital and Total Capital are not subjected to any further capital charges in the computation of RWA.

(b) Compliance and application of capital adequacy ratios

The capital adequacy ratio of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 15 December 2023 and 18 December 2023 respectively. The total RWA are computed based on the following approaches:

- (i) Credit risk under Internal Ratings-Based Approach and Standardised Approach;
- (ii) Market risk under Standardised Approach;
- (iii) Operational risk under Basic Indicator Approach; and
- (iv) Large exposure risk requirements.

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ended 31 December 2023 (2022: 4.5%, 6.0% and 8.0% of total RWA).

(c) The capital adequacy ratios of the Bank

On 28 February 2024, the Board of Directors had declared a single-tier second interim dividend in respect of the current financial year ended 31 December 2023 of RM2.523 per ordinary share on 480,122,500 ordinary shares, amounting to a dividend payable of RM1,211,349,068.

In arriving the capital adequacy ratios for the financial year ended 31 December 2023, the single-tier second interim dividend has not been deducted from the calculation of CET1 Capital.

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A36. Capital Adequacy (cont'd.)

(c) The capital adequacy ratios of the Bank (cont'd.)

The capital adequacy ratios of the Bank are as follows:

	31 December 2023	31 December 2022
Capital ratios		
CET1 Capital ratio	14.303%	14.100%
Tier 1 Capital ratio	15.300%	15.171%
Total Capital ratio	<u>17.824%</u>	<u>17.844%</u>

(d) Components of Tier 1 and Tier 2 Capital:

	31 December 2023 RM'000	31 December 2022 RM'000
CET1 Capital		
Share capital	11,676,910	11,029,955
Retained profits	2,524,541	2,655,423
Other reserves	1,228,475	727,027
CET1 Capital before regulatory adjustments	<u>15,429,926</u>	<u>14,412,405</u>
Less: Regulatory adjustment applied in CET1 Capital	(1,091,375)	(1,244,216)
Deferred tax assets	(79,648)	(288,433)
Gain of financial instruments classified as 'fair value through other comprehensive income'	(382,147)	(51,129)
Regulatory reserve	(629,580)	(904,654)
Total CET1 Capital	<u>14,338,551</u>	<u>13,168,189</u>
Additional Tier 1 Capital		
Capital securities	1,000,000	1,000,000
Total Tier 1 Capital	<u>15,338,551</u>	<u>14,168,189</u>
Tier 2 Capital		
Subordinated sukuk	2,000,000	2,000,000
General provision ¹	23,634	23,001
Surplus of eligible provision over expected loss	506,354	473,343
Total Tier 2 Capital	<u>2,529,988</u>	<u>2,496,344</u>
Total Capital	<u>17,868,539</u>	<u>16,664,533</u>

¹ Refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

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A36. Capital Adequacy (cont'd.)

(e) The breakdown of RWA by each major risk categories are as follows:

	31 December 2023 RM'000	31 December 2022 RM'000
Standardised Approach exposure	2,654,993	2,721,390
Internal Ratings-Based Approach exposure after scaling factor	101,660,571	89,387,080
Total RWA for credit risk	104,315,564	92,108,470
Total RWA for credit risk absorbed by the holding company and Investment Account Holders ("IAH") [^]	(17,268,203)	(10,496,635)
Total RWA for market risk	1,035,378	781,233
Total RWA for operational risk	12,166,196	10,996,646
Total RWA	100,248,935	93,389,714

[^] In accordance to the BNM Investment Account policy, the credit risk weighted assets funded by investment accounts (Unrestricted Investment Account and Restricted Investment Account) are excluded from the calculation of capital adequacy ratio of the Bank.

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A37. Fair value measurements of financial instruments

(a) Valuation principles

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

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

Refers to 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 at an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

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

Refers to inputs other than quoted price 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 sukuk and illiquid equities and consumer financing and advances with homogeneous or similar features in the market.

(c) Level 3: Valuation techniques for which significant inputs are not based on observable market data

Refers to instruments where fair value is measured using significant unobservable market inputs. The valuation techniques used are consistent with the Level 2 but incorporate the Bank's own assumptions and data. Examples of Level 3 instruments include corporate sukuk in illiquid markets, private equity investments and financing and advances priced primarily based on internal credit assessment.

(b) Valuation techniques

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

Derivatives

The fair values of the Bank's derivative 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 investments are determined by reference to prices quoted by independent data providers and independent brokers.

Financing and advances at fair value through other comprehensive income

The fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new customers with similar credit profiles.

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A37. Fair value of financial instruments (cont'd.)

The classification in the fair value hierarchy of the Bank's financial assets and financial liabilities measured at fair value as at 31 December 2023 and 31 December 2022 is summarised in the table:

As at 31 December 2023	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial investments at fair value through profit and loss	-	1,331,059	-	1,331,059
<i>Money market instruments</i>	-	1,121,787	-	1,121,787
<i>Unquoted Securities</i>	-	209,272	-	209,272
Financial investments at fair value through other comprehensive income	-	24,341,296	1,250	24,342,546
<i>Money market instruments</i>	-	16,904,805	-	16,904,805
<i>Unquoted securities</i>	-	7,436,491	1,250	7,437,741
Financing and advances at fair value through other comprehensive income	-	-	1,491,790	1,491,790
Derivative assets	-	160,619	-	160,619
<i>Foreign exchange related contracts</i>	-	160,262	-	160,262
<i>Profit rate related contracts</i>	-	357	-	357
	-	25,832,974	1,493,040	27,326,014
Financial liabilities measured at fair value:				
Derivative liabilities	-	309,093	-	309,093
<i>Foreign exchange related contracts</i>	-	308,814	-	308,814
<i>Profit rate related contracts</i>	-	279	-	279
	-	309,093	-	309,093

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A37. Fair value of financial instruments (cont'd.)

The classification in the fair value hierarchy of the Bank's financial assets and financial liabilities measured at fair value as at 31 December 2023 and 31 December 2022 is summarised in the table (cont'd.):

As at 31 December 2022	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial investments at fair value through profit and loss	-	309,504	-	309,504
<i>Unquoted securities</i>	-	309,504	-	309,504
Financial investments at fair value through other comprehensive income	-	15,644,733	1,250	15,645,983
<i>Money market instruments</i>	-	12,457,878	-	12,457,878
<i>Unquoted securities</i>	-	3,186,855	1,250	3,188,105
Financing and advances at fair value through other comprehensive income	-	-	3,141,460	3,141,460
Derivative assets	-	263,763	-	263,763
<i>Foreign exchange related contracts</i>	-	242,898	-	242,898
<i>Profit rate related contracts</i>	-	20,865	-	20,865
	-	16,218,000	3,142,710	19,360,710
Financial liabilities measured at fair value:				
Derivative liabilities	-	384,674	-	384,674
<i>Foreign exchange related contracts</i>	-	340,916	-	340,916
<i>Profit rate related contracts</i>	-	43,758	-	43,758
	-	384,674	-	384,674

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A37. Fair value of financial instruments (cont'd.)

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

	At 1 January 2023 RM'000	Unrealised losses recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Settlements RM'000	Exchange differences RM'000	At 31 December 2023 RM'000
As at 31 December 2023						
Financial investments at fair value through other comprehensive income						
<i>Unquoted securities</i>	1,250	-	-	-	-	1,250
Financing and advances at fair value through other comprehensive income	3,141,460	1,763	603,847	(2,260,361)	5,081	1,491,790
Total Level 3 financial assets	3,142,710	1,763	603,847	(2,260,361)	5,081	1,493,040

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A37. Fair value of financial instruments (cont'd.)

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy (cont'd.):

	At 1 January 2022 RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions RM'000	Settlements/ Amount related to RPSIA RM'000	Exchange differences RM'000	At 31 December 2022 RM'000
As at 31 December 2022						
Financial investments at fair value through other comprehensive income						
<i>Unquoted securities</i>	1,250	-	-	-	-	1,250
Financing and advances at fair value through other comprehensive income	2,175,615	42,999	1,048,672	(132,868)	7,042	3,141,460
Total Level 3 financial assets	<u>2,176,865</u>	<u>42,999</u>	<u>1,048,672</u>	<u>(132,868)</u>	<u>7,042</u>	<u>3,142,710</u>

The Bank's accounting policy is to recognise transfers into and transfers out of fair value hierarchy levels as the end of the reporting year.

There were no transfers between Level 1 and Level 2 for the Bank during the 12 months financial year ended 31 December 2023.

Movements in Level 3 financial instruments measured at fair value

There were no transfers into or out of Level 3 for the Bank during the 12 months financial year ended 31 December 2023.

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Part B: Review of Performance & Current Year Prospects

B1. Performance Review

The Bank recorded a profit before taxation and zakat of RM3,161.0 million for the financial year ended 31 December 2023, a decrease of 30.3% or RM1,373.1 million compared to the previous financial year.

Total income grew by RM2,572.5 million or 22.7% to RM13,893.1 million from RM11,320.6 million in the previous financial year. Total income represents income derived from investment of depositors' funds, income derived from investment account funds, income derived from investment of shareholder's funds and profit share income from investment accounts of RM11,880.7 million, RM1,163.3 million, RM658.4 million and RM190.6 million respectively.

Profit distributed to depositors increased by 74.7% to RM6,162.9 million as compared to RM3,526.8 million in the previous financial year. Meanwhile, profit distributed to investment accounts increased by 23.1% to RM434.6 million.

Allowance for impairment of assets for the Bank increased by RM540.5 million or 144.5% from RM374.1 million in previous financial year to RM914.5 million for the financial year ended 31 December 2023.

As at 31 December 2023, the Bank's gross financing and advances for the year grew by 6.7% to RM231.9 billion as compared to RM217.4 billion recorded as at 31 December 2022. Total Islamic banking assets owned and managed by the Bank increased by 3.0% to RM329.6 billion as compared to RM320.1 billion recorded as at previous financial year end.

Total customer funding increased by 1.1% to RM238.1 billion, contributed by growth in customer deposits of 0.4% at RM210.7 billion against RM209.8 billion as at 31 December 2022 and investment account of customers increased by 6.7% to RM27.4 billion from RM25.6 billion in the previous financial year end.

The Bank's capital position continued to be strong and well above regulatory requirements as reflected by its Common Equity Tier I, Tier I Capital Ratio and Total Capital Ratio at 14.303%, 15.300% and 17.824% respectively.

B2. Prospects

Global GDP growth is forecasted to moderate to 2.8% in 2024 (2023: 3.3%) on the back of a tepid growth amongst major economies such as the US (2024: 1.0%; 2023: 2.5%) and China (2024: 4.4%; 2023: 5.2%). In contrast, growth of ASEAN economies is anticipated to be firmer at 4.5% in 2024 (2023: 4.0%) supported by resilient domestic demand, sustained tourism, and the continued recovery in technology-related manufacturing products and exports following the recovery in demand since late 2023.

Malaysia's economy is expected to grow at a higher rate of 4.4% in 2024 compared to 2023 (3.7%) underpinned by a rebound in goods and services exports as well as sustained domestic consumer spending and investment growth. Bank Negara Malaysia is expected to maintain a balanced monetary policy approach with an Overnight Policy Rate of 3.00% in 2024, to promote stable economic growth whilst remaining cognisant of the upside risk to inflation arising from fuel subsidy rationalisation and an anticipated services tax rate hike.

MAYBANK ISLAMIC BERHAD
(Co. Reg. No.: 200701029411)
(Incorporated in Malaysia)

Part B: Review of Performance & Current Year Prospects (cont'd.)

B2. Prospects (cont'd.)

Amid the sanguine ASEAN economic outlook, the Bank is well positioned to intensify its domestic and international businesses and to broaden its market penetration across consumer and business segments, especially among small and medium enterprises. Its Strategic Key Focus Areas and customer centric approach continues to be essential factors in building financial resilience and driving income growth. This entails deepening its Islamic wealth management capabilities to cater for regional onshore and offshore demand for Shariah compliant solutions and strengthening its Halal economy proposition as part of its aspiration to be a Global leader in Islamic Finance. In addition, the Bank seeks to strategically differentiate its solutions and services through advancing value-based banking principles in line with the Group's mission of Humanising Financial Services.

Concurrently, the Bank will prioritise its asset growth to maintain its leadership position in key segments, whilst also maintaining an optimal capital and liquidity position to support healthy asset growth and financial resilience. The Bank continues to maintain strong asset quality management through a robust assessment and proactive approach towards customers that require assistance by offering support on a targeted basis.

Digitalisation of Islamic Finance solutions remains a high priority for the Bank. The Bank will rollout Shariah compliant digital solutions towards a holistic, regional digital business model in meeting end-to-end customers' life journey and business needs while intensifying efforts to deepen relationships with existing customers and acquire new customers. The ongoing strategic investments to enhance IT capabilities, further embed Agile ways of working and drive regional cross-selling synergies are aligned to the M25+ corporate strategy which will bolster the growth of the Islamic Banking business.

The Bank remains steadfast in its aspirations to create a lasting positive impact to the community, encompassing greater financial inclusion, sustainable financing and solutions, as well as supporting the transition to a low-carbon economy.