CIMB

MOVING FORWARD WITH YOU

FINANCIAL STATEMENTS 2023

STRONG FINANCIAL PERFORMANCE
Improved PBT of RM9.5 billion attributed to positive topline growth and lower provisions across key markets
page 23

HIGHER DIVIDEND PAYOUT
Total dividends paid amounting to RM4.6 billion, including a special dividend of RM747 million
page 23

COMMITMENT TO SUSTAINABILITY
Upward revision in the sustainable finance target for GSSIPs to RM100 billion by 2024
page 22

We have taken conscious efforts to manage and minimise the environmental impact of our annual report and related processes.

You too can contribute towards this. Did you know that the equivalent of **one football field of forest is cut down every second?**

Download the soft copy of CIMB's Integrated Annual Report, Financial Statements and Sustainability Report, instead of requesting for a hard copy.

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Our covers depict various moments in an individual's journey. Through the headline "***Moving Forward with You***", these covers showcase our commitment to helping individuals achieve their aspirations.

Integrated Annual Report

A daughter joyfully celebrates her graduation and hugs her mother. Her graduation symbolises growth, while her mother's unwavering support shines through their embrace. This moment is a shared journey of their progress and resilience, and CIMB's commitment to moving forward hand in hand with you to support and celebrate every step of your journey.

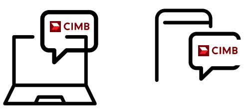
Financial Statement

A small business owner beams with gratitude while completing a transaction with a customer. Their exchanged smiles symbolise shared success. This cover embodies progress, partnership, and the fulfillment of aspirations – a partnership CIMB takes pride in as we continue to move forward with you.

Sustainability Report

A mother watches appreciatively as her family embraces sustainable practices. This cover portrays a family moving forward together towards a sustainable future with the aid of innovative banking solutions provided by CIMB.

These covers exemplify shared aspirations that connect our employees, customers, and communities, highlighting our commitment to fostering meaningful relationships and making a positive impact on society. Moreover, our covers celebrate #teamCIMB and their families. Each of the talents featured on our covers and inside layouts are our very own CIMB employees and their children, showcasing the diversity and talent within our organisation while emphasising our strong sense of community and EPICC values.



View our Integrated Annual Report online and on-the-go. Our reports, accounts and other information about CIMB can be found at **www.cimb.com**

What's Inside

PERFORMANCE REVIEW

FINANCIAL STATEMENTS

BASEL II PILLAR 3 DISCLOSURES

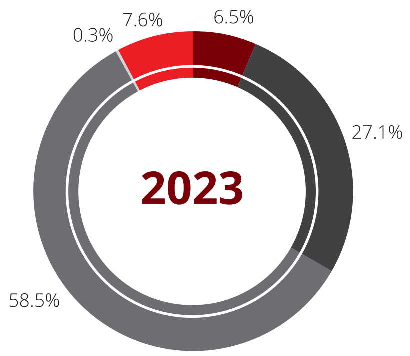
5-YEAR GROUP FINANCIAL SUMMARY

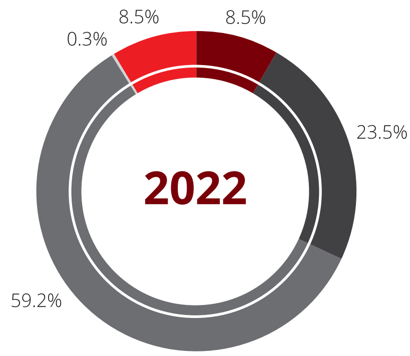
Key Highlights	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
	Financial Year Ended 31 December				
Consolidated Statement of Income					
Net income[5]	**21,014,482**	19,837,516	19,512,940	16,987,379	17,539,165
Overheads[5]	**9,865,076**	9,345,507	9,418,949	8,775,170	9,616,191
Profit before expected credit losses	**11,149,406**	10,492,009	10,093,991	8,212,209	7,922,974
Expected credit losses on loans, advances and financing	**1,534,446**	1,952,725	2,613,587	5,342,209	1,638,785
Profit before taxation and zakat	**9,540,731**	8,371,010	5,789,478	1,530,329	5,974,840
Net profit for the financial year	**6,980,962**	5,439,863	4,295,334	1,194,424	4,559,656
Consolidated Statement of Financial Position					
Gross loans, advances and financing	**440,921,867**	407,057,108	378,032,634	365,844,401	369,491,503
Total assets	**733,572,152**	666,721,225	621,907,058	602,354,899	573,245,655
Deposits from customers[1]	**497,660,583**	460,567,161	440,404,971	410,839,559	401,681,309
Total liabilities	**663,733,261**	602,937,372	561,798,310	545,180,777	515,776,579
Shareholders' funds	**68,326,961**	62,491,206	58,863,263	55,925,641	56,237,171
Commitments and contingencies	**1,662,078,807**	1,371,423,297	1,213,155,193	1,123,995,768	1,146,023,486
Financial Ratios (%)					
Common equity tier 1 ratio[2]	**15.3**	14.9	14.6	13.3	13.3
Tier 1 ratio[2]	**15.9**	15.8	15.5	14.6	14.4
Total capital ratio[2]	**18.9**	18.9	18.4	17.6	17.1
Return on average equity	**10.7**	9.0	7.5	2.1	8.5
Return on average total assets	**1.00**	0.84	0.70	0.20	0.82
Net interest margin[5]	**2.22**	2.51	2.45	2.27	2.41
Cost to income ratio[5]	**46.9**	47.1	48.3	51.7	54.8
Gross impaired loans to gross loans	**2.7**	3.3	3.5	3.6	3.1
Allowance coverage ratio	**97.0**	93.1	100.2	91.6	80.7
Loan loss charge	**0.32**	0.51	0.73	1.51	0.45
Loan deposit ratio	**88.6**	88.4	85.8	89.0	92.0
Net tangible assets per share (RM)	**5.62**	5.09	4.95	4.65	4.70
Book value per share (RM)	**6.41**	5.86	5.76	5.64	5.67
CASA ratio	**41.2**	39.9	42.5	41.3	34.4
Other Information					
Earnings per share (sen) – basic	**65.5**	52.2	42.9	12.0	47.0
Dividend per share (sen)	**43.0**[6]	26.0	23.0	4.8	26.0
Dividend payout ratio (%)	**66**[6]	51	50	40	56
Number of shares in issue ('000)[3]	**10,665,102**	10,665,102	10,221,452	9,922,966	9,922,966
Weighted average number of shares in issue ('000)	**10,665,102**	10,425,806	10,022,287	9,922,966	9,705,987
Non-Financial Highlights					
Share price at year-end (RM)	**5.85**	5.80	5.45	4.30	5.15
Number of employees[4]	**33,632**	32,696	33,265	34,183	35,265

1 *Include investment accounts of customers and structured investments classified as financial liabilities designated at fair value through profit or loss and other liabilities.*
2 *Before deducting proposed dividend.*
3 *Excludes 4,908 ordinary shares held as treasury shares.*
4 *Excludes headcount borne by third parties.*
5 *2019-2020 restated for certain expenses which are considered as incremental and directly attributable to the acquisition of a financial liability and treated as an integral part of the effective interest/profit rate. These expenses were previously included under overheads and is now recognised as interest expense.*
6 *Includes proposed single-tier special dividend of 7.00 sen per ordinary share in respect of the financial year ended 31 December 2023.*

Simplified Statements of Financial Position

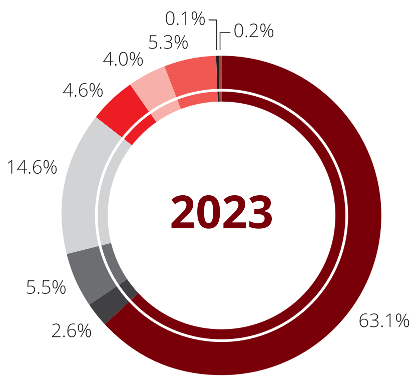
ASSETS

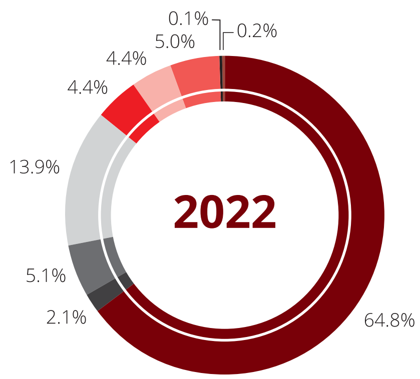




- Cash and short term funds, reverse repurchase agreements/reverse Collateralised Commodity Murabahah and deposits and placements with banks and other financial institutions
- Portfolio of financial investments
- Loans, advances and financing
- Statutory deposits with central banks
- Other assets (including intangible assets)

EQUITY AND LIABILITIES





- Deposits from customers
- Investment accounts of customers
- Deposits and placements of banks and other financial institutions
- Bills and acceptances payable and other liabilities
- Debt securities issued and other borrowed funds
- Ordinary share capital
- Reserves
- Perpetual preference shares
- Non-controlling interests

Quarterly Financial Performance

	2023			
RM'000	**Q1**	**Q2**	**Q3**	**Q4**
Net income	**4,997,245**	**5,333,953**	**5,308,056**	**5,375,228**
Net interest income (after modification loss)	**2,713,621**	**2,756,227**	**2,840,561**	**2,773,297**
Net non-interest income and income from Islamic banking operation	**2,283,624**	**2,577,726**	**2,467,495**	**2,601,931**
Overheads	**(2,343,515)**	**(2,405,067)**	**(2,491,764)**	**(2,624,730)**
Profit before taxation and zakat	**2,236,389**	**2,481,513**	**2,492,113**	**2,330,716**
Net profit attributable to owners of the Parent	**1,644,910**	**1,773,088**	**1,847,792**	**1,715,172**
Earnings per share (sen)	**15.42**	**16.63**	**17.32**	**16.09**
Dividend per share (sen)	**–**	**17.50**	**–**	**25.50***

* *The dividend per share includes the special dividend of 7.00 sen per share.*

	2022			
RM'000	**Q1**	**Q2**	**Q3**	**Q4**
Net income	4,736,369	4,884,369	4,997,115	5,219,663
Net interest income (after modification loss)	2,720,211	2,822,141	2,980,062	3,107,214
Net non-interest income and income from Islamic banking operation	2,016,158	2,062,228	2,017,053	2,112,449
Overheads	(2,277,538)	(2,299,546)	(2,280,963)	(2,487,460)
Profit before taxation and zakat	2,047,666	2,104,838	2,201,877	2,016,629
Net profit attributable to owners of the Parent	1,426,984	1,280,695	1,407,232	1,324,952
Earnings per share (sen)	13.96	12.30	13.43	12.49
Dividend per share (sen)	–	13.00	–	13.00

Key Interest Bearing Assets and Liabilities

	Financial Year Ended 31 December 2023		
	As at 31 December RM'million	**Effective interest rate %**	**Interest income/ expense RM'million**
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	**37,980**	**3.63**	**1,757**
Total securities[1]	**198,538**	**3.91**	**7,111**
Loans, advances and financing	**429,450**	**5.81**	**24,036**
Interest bearing liabilities:			
Total deposits[2]	**541,166**	**2.96**	**15,581**
Bonds, Sukuk, debentures and other borrowings	**22,620**	**5.23**	**1,013**
Subordinated obligations	**11,134**	**4.51**	**497**

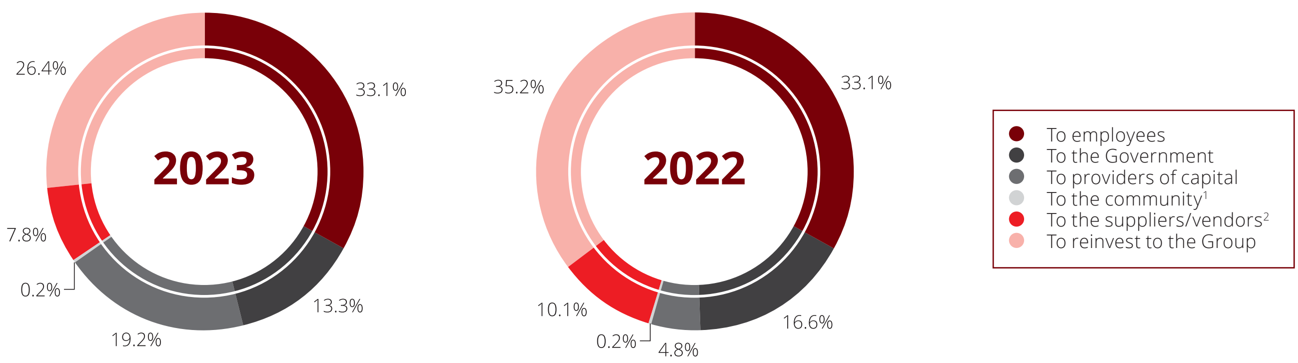
	Financial Year Ended 31 December 2022		
	As at 31 December RM'million	**Effective interest rate %**	**Interest income/ expense RM'million**
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	47,105	2.23	1,093
Total securities[1]	156,109	3.23	5,091
Loans, advances and financing	394,557	4.81	18,430
Interest bearing liabilities:			
Total deposits[2]	497,929	1.65	8,066
Bonds, Sukuk, debentures and other borrowings	18,183	3.16	590
Subordinated obligations	11,015	3.86	408

[1] *Total securities include financial investments at fair value through profit or loss, debt instruments at fair value through other comprehensive income and debt instruments at amortised cost*

[2] *Total deposits include deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions, financial liabilities designated at fair value through profit and loss and structured deposits*

Statement of Value Added and Value Distributed

	2023 RM'000	2022 RM'000
Value Added		
Net interest income (before modification loss)	**11,087,453**	11,622,921
Modification (loss)/gain	**(3,747)**	6,707
Net interest income (after modification loss)	**11,083,706**	11,629,628
Income from Islamic banking operations	**4,260,336**	3,999,849
Net non-interest income	**5,670,440**	4,208,039
Overheads excluding personnel costs, depreciation and amortisation, and payments to community and suppliers/vendors	**(1,489,639)**	(959,814)
Expected credit losses on loans, advances and financing	**(1,534,446)**	(1,952,725)
Expected credit losses written back/(made) for commitments and contingencies	**174,921**	(30,756)
Other expected credit losses and impairment allowances made	**(231,928)**	(177,757)
Share of results of joint ventures	**(58,914)**	(26,022)
Share of results of associates	**41,692**	66,261
Value added available for distribution	**17,916,168**	16,756,703
Distribution of Value Added		
To employees:		
Personnel costs	**5,935,888**	5,539,404
To the Government:		
Taxation and zakat	**2,378,636**	2,778,079
To providers of capital:		
Cash dividends paid to shareholders	**3,252,856**	649,579
Non-controlling interests	**181,133**	153,068
To the community[1]:		
Community investments	**32,900**	34,000
To the suppliers/vendors[2]:		
Suppliers/Vendors	**1,400,000**	1,700,000
To reinvest to the Group:		
Dividend reinvestment plan	**–**	1,994,866
Depreciation and amortisation	**1,006,649**	1,112,289
Retained earnings	**3,728,106**	2,795,418
Value added available for distribution	**17,916,168**	16,756,703



1. *Community investments include contributions to charities, NGOs and research institutes (unrelated to the organisation's commercial research and development); funds to support community infrastructure, such as recreational facilities; and direct costs of developing and implementing social and environmental programmes, including arts, and educational events – all channelled through CIMB Foundation as well as respective business units. Community investments in 2021, 2020 and 2019 were RM28.7 million, RM29.3 million and RM45.8 million respectively.*
2. *Suppliers/Vendors include payment made towards products or services or investments in any supplier education or development programmes. Payments made to suppliers/vendors in 2021, 2020 and 2019 were RM1,900.0 million, RM1,200.0 million and RM945.0 million respectively.*

Analysis of Financial Statements

ANALYSIS OF STATEMENT OF INCOME

	2023 RM'million	2022 RM'million	Increase/ (Decrease)
Net interest income^	**14,626**	15,158	(3.5%)
Net non-interest income^	**6,388**	4,680	36.5%
Operating income	**21,014**	19,838	5.9%
Overheads	**(9,865)**	(9,346)	5.6%
Profit before expected credit losses/allowances	**11,149**	10,492	6.3%
Expected credit losses on loans, advances and financing	**(1,534)**	(1,953)	(21.5%)
Expected credit losses written back/(made) for commitments and contingencies	**175**	(31)	(664.5%)
Other expected credit losses and impairment allowances made	**(232)**	(177)	31.1%
Share of results of joint ventures and associates	**(17)**	40	(142.5%)
Profit before taxation and zakat	**9,541**	8,371	14.0%
Net profit attributable to owners of the Parent	**6,981**	5,440	28.3%
EPS (sen)	**65.5**	52.2	25.5%

^ *inclusive of income from Islamic banking operations*

NET INTEREST INCOME

The Group's Net interest income (NII) was 3.5% lower YoY at RM14.6 billion in FY23 despite a 8.3% YoY gross loan growth and 9.2% YoY expansion in interest earning assets, largely due to the compression in Net Interest Margins (NIM) from higher cost of deposits. The Group's NIMs contracted 29bps to 2.22% from 2.51% in FY22 attributed to the deposit price competition in Malaysia and higher cost of funds regionally. This was partially mitigated by focused growth in the Current Account and Savings Account (CASA) and deposit franchise. The Group's gross loans were 8.3% higher YoY led by Wholesale Banking loans expanding 9.5% with Commercial and Consumer Banking loans growing 8.8% and 7.4% respectively. Loans grew across all core markets with Singapore rising 11.0% and Indonesia at 8.5%, while Malaysia and Thailand loans rose 5.3% and 4.5% respectively.

NET NON-INTEREST INCOME

Total net non-interest income (NOII) for the year grew strongly at 36.5% YoY to RM6.4 billion compared to RM4.7 billion in FY22 from investment and market related income, gains on NPL sales in Indonesia and Thailand as well as a gain on sale of the remaining interest in CGS-CIMB. The Group saw stronger capital market trading and foreign exchange revenues, while Private Banking NOII exhibited improved momentum over the year.

OVERHEADS

The Group's total overhead expenses increased by 5.6% YoY or RM519 million to RM9.9 billion on the back of inflation and technology investments. These were attributed largely to Marketing cost rising 35.5% YoY from higher Philippines partnership costs linked to revenue growth, higher Technology cost of 2.1% as part of planned investments to further improve operational resiliency and a 7.2% increase in Personnel cost. The Group's cost-to-income ratio stood at 46.9%, a 20bps lower from 47.1% in FY22, from the positive JAW.

EXPECTED CREDIT LOSSES

The Group's total expected credit losses (ECL) on loans, advances and financing declined by 21.5% YoY to RM1.5 billion in FY23 versus RM2.0 billion in FY22. This improvement was attributed to lower provisions in Consumer and Commercial Banking from a moderated credit environment. The Group recorded a total loan loss charge improvement of 19bps to 0.32% (compared to 0.51% in FY22) with a lower gross impairment ratio of 2.7% (-60bps YoY) and a higher allowance coverage of 97.0% (+390bps YoY).

Analysis of Financial Statements

OTHER EXPECTED CREDIT LOSSES AND IMPAIRMENT ALLOWANCES MADE

Other expected credit losses and impairment allowances increased 31.1% YoY largely due to higher ECL in debt instruments at amortised cost and debt instruments at fair value through other comprehensive income by RM109 million and RM45 million respectively. This was partially offset by lower ECL and impairment allowances made on other assets by RM101 million.

NET PROFIT

The Group recorded a net profit of RM7.0 billion in FY23, a 28.3% YoY improvement from RM5.4 billion in FY22. The increased profitability was underpinned by the 6.3% increase in pre-provision operating profit ("PPOP") as the 5.9% growth in operating income was partially offset by a 5.6% YoY increase in overheads. The improved net profit was also attributed to the 21.5% YoY decrease in total ECL on loans, advances and financing, despite a rise in other expected credit losses and impairment allowances made during the year. In totality, the Group reported a higher net EPS of 65.5 sen for FY23.

SIGNIFICANT MOVEMENT IN STATEMENT OF FINANCIAL POSITION

	2023 RM'million	2022 RM'million	Increase/ (Decrease)
ASSETS			
Cash and short-term funds	**34,772**	44,009	(21.0%)
Deposits and placements with banks and other financial institutions	**3,208**	3,096	3.6%
Financial investment portfolio	**198,844**	156,410	27.1%
Loans, advances and financing	**429,450**	394,557	8.8%
Other assets (including intangible assets)	**67,298**	68,649	(2.0%)
Total assets	**733,572**	666,721	10.0%
LIABILITIES			
Deposits from customers^	**497,661**	460,567	8.1%
Deposits and placements of banks and other financial institutions	**40,283**	34,189	17.8%
Other borrowings	**9,699**	8,265	17.4%
Bonds, sukuk and debentures	**12,921**	9,918	30.3%
Subordinated obligations	**11,134**	11,015	1.1%
Other liabilities	**92,035**	78,983	16.5%
Total liabilities	**663,733**	602,937	10.1%

^ *Includes investment accounts of customers and structured investments classified as financial liabilities designated at fair value through profit or loss and other liabilities*

A) TOTAL ASSETS

As at 31 December 2023, CIMB Group's total assets rose RM66.9 billion or 10.0% to RM733.6 billion. The increase was underpinned by a RM42.4 billion or 27.1% growth in the financial investment portfolio, as well as an 8.8% growth in loans, advances and financing over the year to RM429.5 billion. Deposits and placement with banks and other financial institutions was slightly higher YoY, while cash and short-term funds declined by 21.0% or RM9.2 billion, with other assets (including intangible assets) 2.0% lower YoY at RM67.3 billion.

B) TOTAL LOANS, ADVANCES AND FINANCING

The Group's loans, advances and financing stood at RM429.5 billion as at 31 December 2023, a growth of 8.8% YoY or RM34.9 billion. Malaysia loans grew 5.3% during the year, while loans from Indonesia, Thailand and Singapore expanded 8.5%, 4.5% and 11.0% YoY in Rupiah, Baht and Dollar-terms respectively in FY23. The Group's gross impaired loans ratio stood at 2.7% as at end-2023 compared to 3.3% as at end-2022. All segment grew loans strongly with Consumer, Commercial and Wholesale Banking expanding loans by 7.4%, 8.8% and 9.5% YoY respectively.

Analysis of Financial Statements

C) OTHER ASSETS (INCLUDING INTANGIBLE ASSETS)

The total amount of other assets including intangible assets fell 2.0% YoY or RM1.4 billion to RM67.3 billion as at end-2023 compared to RM68.6 billion as at end-2022. The slight decrease was largely due to a RM2.4 billion decline in derivative financial instruments, partially offset by a RM1.0 billion increase in other assets.

D) TOTAL LIABILITIES

As at 31 December 2023, the Group's total liabilities stood at RM663.7 billion, an increase of 10.1% or RM60.8 billion YoY. The increase was largely driven by the RM37.1 billion or 8.1% YoY expansion in deposits from customers, as well as a RM13.1 billion or 16.5% YoY increase in other liabilities. The growth in liabilities was also attributed to deposits and placements of banks and other financial institutions rising 17.8% and higher bonds, sukuk and debentures of 30.3% YoY. Other borrowings increased 17.4% while subordinated obligations showed a minor increase of 1.1%.

E) TOTAL DEPOSITS FROM CUSTOMERS

Total Group deposits from customers rose by 8.1% YoY or RM37.1 billion to RM497.7 billion as at 31 December 2023. Consumer Banking posted a strong deposit growth of 16.5% YoY, while Commercial Banking grew 8.6% YoY. Wholesale Banking reporting a slight dip of 0.6% YoY. In local currency terms, total deposits in Thailand, Singapore, Malaysia and Indonesia grew by 8.7%, 6.1%, 5.5% and 3.8% in Baht, Dollar, Ringgit and Rupiah respectively. The Group's CASA ratio ended the year at 41.2% compared to 39.9% as at end-2022, contributed by all core markets as the Group continues to strengthen its CASA franchise in-line with the Forward23+ strategy. Overall Group net interest margin (NIM) stood at 2.22% for FY23 compared to 2.51% in FY22.

F) OTHER LIABILITIES

The Group's other liabilities were RM13.1 billion or 16.5% higher YoY at RM92.0 billion as at 31 December 2023 compared to RM79.0 billion at end-2022. The increase was mainly due to higher repurchase agreements by RM13.5 billion and RM3.3 billion increase in Recourse obligation on loans and financing sold to Cagamas, partially offset by decreases in other liabilities and derivative financial instruments of RM2.5 billion and RM1.4 billion respectively.

Financial Calendar

28 FEBRUARY 2023
Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2022

13 MARCH 2023
Notice of book closure for single tier second interim dividend of 13.00 sen per share for the financial year ended 31 December 2022

14 MARCH 2023
Date of entitlement for the single tier second interim dividend of 13.00 sen per share for the financial year ended 31 December 2022

16 MARCH 2023
Notice of 66th Annual General Meeting

16 MARCH 2023
Issuance of Annual Report for the financial year ended 31 December 2022

12 APRIL 2023
Payment of the single tier second interim dividend of 13.00 sen per share for the financial year ended 31 December 2022

13 APRIL 2023
66th Annual General Meeting

31 MAY 2023
Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2023

30 AUGUST 2023
Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2023

20 SEPTEMBER 2023
Notice of book closure for single tier first interim dividend of 17.50 sen per share for the financial year ending 31 December 2023

21 SEPTEMBER 2023
Date of entitlement for the single tier first interim dividend of 17.50 sen per share for the financial year ending 31 December 2023

12 OCTOBER 2023
Payment of the single tier first interim dividend of 17.50 sen per share for the financial year ending 31 December 2023

30 NOVEMBER 2023
Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2023

29 FEBRUARY 2024
Announcement of the unaudited consolidated financial results for the fourth quarter ended 31 December 2023

2024 TENTATIVE DATES

31 MAY 2024 **1Q 2024** Financial Results	30 AUGUST 2024 **2Q 2024** Financial Results
29 NOVEMBER 2024 **3Q 2024** Financial Results	FEBRUARY 2025 **4Q 2024** Financial Results

Capital Management

OVERVIEW

Capital management at CIMB Group remains focused on maintaining a healthy capital position through building an efficient capital structure. The capital position and structure of the Group are designed to meet the requirements of the Group's key stakeholders, i.e. shareholders, customers, regulators, external rating agencies and others. Guided by CIMB Group's Capital Management Policy and Procedure, the objectives of capital management are as follows:

To maintain a strong and efficient capital base for the Group and its entities to (a) meet regulatory capital requirements at all times; (b) realise returns for shareholders through sustainable return on equity and stable dividend payout; and (c) withstand stressed economic and market conditions.

To allocate capital efficiently across the business units and subsidiaries to (a) support the organic growth generation; (b) take advantage of strategic acquisitions and new businesses when opportunities arise; and (c) optimise the return on capital for the Group.

To maintain capital at optimal levels to meet the requirements of other stakeholders of the Group, including rating agencies and customers through (a) liability management; (b) dividend reinvestment scheme; (c) deployment of capital based on risk-adjusted return on capital (RAROC) performance measurement; (d) risk-weighted assets (RWA) optimisation exercise; and (e) exploring strategic divestments, if any.

The Group and its banking subsidiaries have always maintained a set of internal capital ratios that are above the minimum regulatory capital requirements. The following table shows the relevant capital ratios of each of the regulated banking entities of the Group.

Capital Ratios	Common Equity Tier 1 Capital As at 31 December 2023	Tier 1 Capital As at 31 December 2023	Total Capital As at 31 December 2023
CIMB Group	**14.511%**	**15.126%**	**18.178%**
CIMB Bank	**14.695%**	**15.136%**	**19.015%**
CIMB Islamic	**12.996%**	**13.522%**	**15.545%**
CIMB Investment Bank Group	**98.955%**	**98.955%**	**98.955%**
CIMB Niaga	**22.394%**	**22.394%**	**23.527%**
CIMB Thai	**15.255%**	**15.255%**	**20.876%**

The Group also monitors the leverage ratio which stood at 7.09% as at the financial year ended 31 December 2023. The leverage ratio is computed by dividing the Tier 1 capital of RM54.99 billion with Total Exposures** of RM775.50 billion. For reference, the leverage ratio for financial year ended 31 December 2022 was 7.26%, based on Tier 1 capital of RM51.12 billion with Total Exposures** of RM704.58 billion.

*** Total Exposures computed in line with BNM Basel III Leverage ratio guideline.*

KEY INITIATIVES

Our goal is to continuously maintain a sustainable and robust capital position, whilst optimising its use fully to create shareholders' value. Tools that are employed to achieve this include but not limited to the following:

(1) liability management via redemption and issuance of new Basel III instruments;
(2) dividend reinvestment scheme (DRS);
(3) RWA optimisation; and
(4) Group-wide stress testing and impact assessment.

Key capital management initiatives that were undertaken during the 2023 calendar year include:

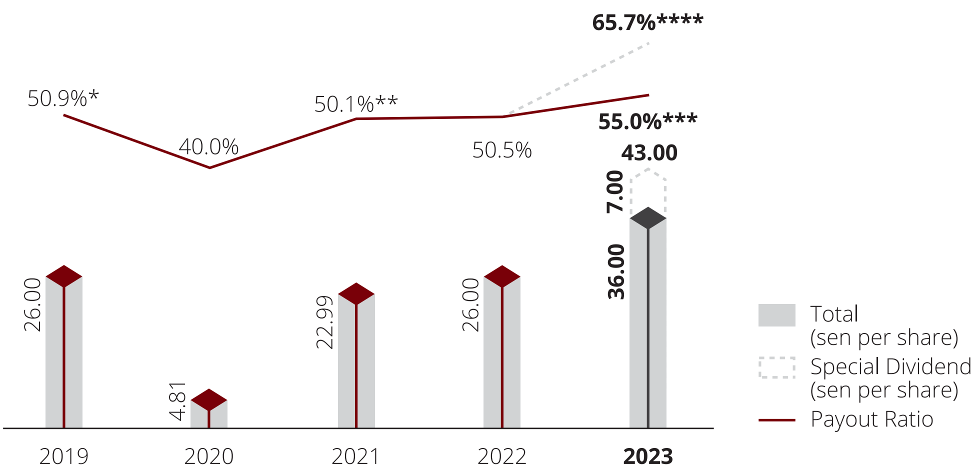
(1) CIMB Group redeemed RM0.7 billion Basel III Tier 2 Subordinated Debt and RM1.0 billion Basel III AT1 Capital Securities.
(2) CIMB Group issued RM1.3 billion Basel III Tier 2 Sustainability Sukuk Wakalah. It also issued RM0.4 billion Basel III Additional Tier 1 Sustainability Sukuk Wakalah.
(3) The continuing RWA optimisation initiatives during the year, largely through active loan portfolio rebalancing, system and data enhancements and model recalibrations.

DIVIDEND POLICY

For the financial year ended 31 December 2023, the Board had declared a first interim dividend of 17.50 sen per ordinary share, a second interim dividend of 18.50 sen per ordinary share and a special dividend of 7.00 sen per ordinary share equivalent to RM747 million, bringing total FY23 dividend to a record of 43.00 sen per ordinary share equivalent to RM4.59 billion. The dividends declared for the financial year ended 31 December 2023 are all paid in cash.

DIVIDEND REINVESTMENT SCHEME

The DRS was implemented in 2013 to provide shareholders with an option to reinvest dividends into new ordinary shares of CIMB and at the same time to help preserve the Group's capital. It was first applied to the Group's second interim dividend for the financial year ended 31 December 2012. The dividend reinvestment rate has been encouraging, with an average take-up rate of approximately 80.1% since inception. The DRS was not made applicable to all dividends declared for the financial year ended 31 December 2023 as the Group continues its efforts to manage and optimise its capital proactively as well as meeting its stakeholders' expectations.



* *Payout ratio based on BAU PAT excluding transformational cost.*
** *Payout ratio based on BAU PAT excluding exceptional items.*
*** *Payout ratio excluding special dividend.*
**** *Payout ratio including special dividend.*

Statement of Directors' Responsibilities

In Relation to Financial Statements

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act, 2016, Bank Negara Malaysia's Guidelines and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and cash flows for the financial year then ended.

The Directors consider that, in preparing the annual audited financial statements, the Group and the Company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

Directors' Report

for the financial year ended 31 December 2023

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year is investment holding. The principal activities of the significant subsidiaries as set out in Note 14 to the Financial Statements, consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominee services, property ownership and management, and the provision of other related financial services. There was no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net profit after taxation attributable to:		
– Owners of the Parent	**6,980,962**	**3,136,269**
– Non-controlling interests	**181,133**	**–**
	7,162,095	**3,136,269**

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2022 were as follows:

	RM'000
In respect of the financial year ended 31 December 2022:	
Dividend on 10,665,101,700 ordinary shares, paid on 12 April 2023:	
– single-tier second interim dividend of 13.00 sen per ordinary share	**1,386,463**
In respect of the financial year ended 31 December 2023:	
Dividend on 10,665,101,700 ordinary shares, paid on 12 October 2023:	
– single-tier first interim dividend of 17.50 sen per ordinary share	**1,866,393**

The Directors have proposed a single-tier second interim dividend of 18.50 sen per ordinary share on 10,665,101,700 ordinary shares amounting to RM1,973 million in respect of the financial year ended 31 December 2023. The single-tier second interim dividend was approved by the Board of Directors on 31 January 2024.

The Directors have proposed a single-tier special dividend of 7.00 sen per ordinary share, on 10,665,101,700 ordinary shares amounting to RM747 million in respect of the financial year ended 31 December 2023. The single-tier special dividend was approved by the Board of Directors on 31 January 2024.

The Financial Statements for the current financial year do not reflect the above proposed dividend. Such dividends will be accounted for in equity as an appropriation of retained earnings in the next financial year.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2023.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the Financial Statements and Notes to the Financial Statements.

Directors' Report

for the financial year ended 31 December 2023

ISSUANCE OF SHARES

There were no changes to the issued and paid-up capital of the Company during the financial year.

SHARE BUY-BACK AND CANCELLATION

During the financial year, the Company did not buy back any of its issued share capital from the open market. As at 31 December 2023, there were 4,908 ordinary shares held as treasury shares. Accordingly, the adjusted issued and paid-up share capital of the Company with voting rights as at 31 December 2023 was 10,665,101,700 shares.

The shares purchased are held as treasury shares in accordance with the provisions of Section 127 of the Companies Act 2016.

SHARE-BASED EMPLOYEE BENEFIT PLAN

The Group's employee benefit schemes are explained in Note 49 to the Financial Statements.

BAD AND DOUBTFUL DEBTS, AND FINANCING

Before the Financial Statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing.

At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the Financial Statements of the Group and of the Company, inadequate to any substantial extent.

CURRENT ASSETS

Before the Financial Statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, including the values of current assets as shown in the accounting records of the Group and of the Company, had been written down to an amount which the current assets might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the Financial Statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this Report, there does not exist:

(a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability in the Group or the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Company to meet their obligations when they fall due.

Directors' Report

for the financial year ended 31 December 2023

CHANGE OF CIRCUMSTANCES

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the Financial Statements of the Group and of the Company, that would render any amount stated in the Financial Statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 53.1 to the Financial Statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this Report is made other than those disclosed in Note 53.2 to the Financial Statements.

DIRECTORS

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Mohd Nasir Ahmad
Dato' Abdul Rahman Ahmad
Dato' Lee Kok Kwan
Dato' Mohamed Ross Mohd Din
Afzal Abdul Rahim
Didi Syafruddin Yahya
Shulamite N K Khoo
Ho Yuet Mee
Datin Azlina Mahmad (appointed on 1 May 2023)
Robert Neil Coombe (retired on 14 April 2023)
Teoh Su Yin (retired on 7 October 2023)

In accordance with Article 81 of the Constitution, the following Directors will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election:

Dato' Lee Kok Kwan
Dato' Mohamed Ross Mohd Din
Afzal Abdul Rahim

In accordance with Article 88 of the Constitution, the following Director will retire from the Board at the forthcoming AGM and being eligible, offer herself for re-election:

Datin Azlina Mahmad

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report are disclosed in Note 59 to the financial statements.

Directors' Report

for the financial year ended 31 December 2023

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the beneficial interests of Directors who held office at the end of the financial year in the shares, share options and debentures of the Company or its subsidiaries during the financial year are as follows:

	No. of ordinary shares			
	As at 1 January 2023	Acquired/ Granted	Disposed/ Vested	As at 31 December 2023
CIMB Group Holdings Berhad				
Direct interest				
Dato' Abdul Rahman Ahmad	36,227	22,548[a]	(22,548)[b]	36,227
* Dato' Lee Kok Kwan	1,381,208	–	–	1,381,208
^ Didi Syafruddin Yahya	46,791	–	–	46,791

Note: Includes shareholding of spouse/child, details of which are as follows:

	No. of ordinary shares			
	As at 1 January 2023	Acquired/ Granted	Disposed/ Vested	As at 31 December 2023
* Datin Rosemary Yvonne Fong	95,498	–	–	95,498
^ Sarina Mahmood Merican	46,791	–	–	46,791

(a) *Shares granted under Equity Ownership Plan ("EOP")*
(b) *Shares released from EOP account and transferred into Director's account*

	No. of ordinary shares			
	As at 1 January 2023	Granted	Disposed	As at 31 December 2023
PT Bank CIMB Niaga Tbk				
Direct interest				
* Dato' Lee Kok Kwan	427,305	–	–	427,305

Note:
* Includes shareholding of spouse/child, details of which are as follows:

	No. of ordinary shares			
	As at 1 January 2023	Granted	Disposed	As at 31 December 2023
* Datin Rosemary Yvonne Fong	12,445	–	–	12,445

Directors' Report

for the financial year ended 31 December 2023

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES (CONTINUED)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the beneficial interests of Directors who held office at the end of the financial year in the shares, share options and debentures of the Company or its subsidiaries during the financial year are as follows: (Continued)

	Debentures held			
	As at 1 January 2023	**Acquired**	**Disposed**	**As at 31 December 2023**
CIMB Group Holdings Berhad				
– Perpetual Subordinated Capital Securities				
Dato' Lee Kok Kwan	RM1,000,000	–	(RM1,000,000)	–
PT Bank CIMB Niaga Tbk				
– Subordinated Notes				
Dato' Lee Kok Kwan	IDR5,000,000,000	–	(IDR5,000,000,000)	–

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares, options over shares and debentures in the Company, or shares, options over shares and debentures of its related corporations during the financial year.

LONG TERM INCENTIVE PLAN ("LTIP")

The Group implemented a Long Term Incentive Plan ("LTIP") on 9 June 2021, which was approved by the shareholders at the Extraordinary General Meeting held on 15 April 2021. The LTIP is governed by the LTIP by-laws and is administered by the LTIP Committee.

The LTIP is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfil the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting. Total awards under the LTIP is subject to a maximum of 2.5% of issued ordinary shares of CIMB Group Holdings Berhad.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme ("ESOS") and the Share Grant Plan ("SGP").

- The ESOS is a share option scheme with a premium on the exercise price, and the LTIP Committee may, at any time within the duration of the LTIP, grant an ESOS award to eligible employees, subject to the terms and conditions of the by-laws. The ESOS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

- The SGP is a restricted share unit scheme where vesting is subject to performance conditions, and the LTIP Committee may, at any time within the duration of the LTIP, grant an SGP award to eligible employees, subject to the terms and conditions of the by-laws. The SGP shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

Details of LTIP are set out in Note 49 to the financial statements.

Directors' Report

for the financial year ended 31 December 2023

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES (CONTINUED)

LONG TERM INCENTIVE PLAN ("LTIP") (CONTINUED)

(i) Details of ESOS shares awarded:

Award Date	Fair Value RM	Awarded (Units'000)	Vesting Dates
9 June 2021 – First grant	0.45	216,758	31 March 2024 31 March 2025
31 March 2022 – Second grant	0.75	8,991	31 March 2024 31 March 2025
8 September 2022 – Third grant	0.74	3,430	31 March 2024 31 March 2025
8 December 2022 – Fourth grant	0.81	660	31 March 2024 31 March 2025

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2023:

Award Date	As at 1 January 2023 (Units'000)	Movement during the year		Outstanding as at 31 December 2023 (Units'000)	Exercisable as at 31 December 2023 (Units'000)
		Awarded (Units'000)	Forfeited (Units'000)		
9 June 2021 – First grant	185,503	–	(6,685)	178,818	–
31 March 2022 – Second grant	8,921	–	(73)	8,848	–
8 September 2022 – Third grant	3,430	–	–	3,430	–
8 December 2022 – Fourth grant	660	–	–	660	–

(ii) Details of SGP shares awarded:

Award Date	Fair Value RM	Awarded (Units'000)	Vesting Dates*
9 June 2021 – First grant	4.65	15,748	31 March 2024 31 March 2025
31 March 2022 – Second grant	5.33	1,965	31 March 2024 31 March 2025
8 September 2022 – Third grant	5.40	736	31 March 2024 31 March 2025
8 December 2022 – Fourth grant	5.61	142	31 March 2024 31 March 2025

** Subject to performance conditions*

Directors' Report

for the financial year ended 31 December 2023

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES (CONTINUED)

LONG TERM INCENTIVE PLAN ("LTIP") (CONTINUED)

Details of LTIP are set out in Note 49 to the financial statements. (Continued)

(ii) Details of SGP shares awarded (Continued)

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2023:

Award Date	As at 1 January 2023 (Units'000)	Movement during the year Awarded (Units'000)	Forfeited (Units'000)	As at 31 December 2023 (Units'000)
9 June 2021 – First Grant	13,471	–	(485)	12,986
31 March 2022 – Second Grant	1,950	–	(16)	1,934
8 September 2022 – Third grant	736	–	–	736
8 December 2022 – Fourth grant	142	–	–	142

Executive Director and Key Management Personnel who have been awarded with the ESOS and SGP during the financial year ended 31 December 2023 are listed below:

Name	2023 No of ESOS Awarded (Units'000)	No of SGP Awarded (Units'000)
Dato' Abdul Rahman Ahmad	–	–
Key Management Personnel	–	–

DIRECTORS' REMUNERATION

The remuneration in aggregate for Directors of the Group and the Company for the financial year are as follows:

	The Group 2023 RM'000	2022 RM'000	The Company 2023 RM'000	2022 RM'000
Executive Directors				
– Salary and remuneration	**9,975**	7,298	**–**	–
– Benefits-in-kind	**81**	125	**–**	–
	10,056	7,423	**–**	–
Non–Executive Directors				
– Fees	**2,455**	2,801	**1,314**	1,263
– Other remuneration	**4,018**	4,011	**2,433**	2,444
– Benefits-in-kind	**91**	84	**38**	37
	6,564	6,896	**3,785**	3,744
	16,620	14,319	**3,785**	3,744

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year for the Group and the Company amounted to RM1,550,556 (2022: RM1,550,556) and RM Nil (2022: RM Nil).

Directors' Report

for the financial year ended 31 December 2023

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration disclosed in Note 44 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the Management Equity Scheme, Equity Ownership Plan and Long Term Incentive Plan (see Note 49 to the Financial Statements) as disclosed in this Report.

SUBSIDIARIES

(a) Details of subsidiaries

Details of subsidiaries are as set out in Note 14 to the Financial Statements.

(b) Subsidiaries' holding of shares in other related corporations

Details of subsidiaries' holding of shares in other related corporations are as set out in Note 14 to the Financial Statements.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM21,320,000 and RM1,041,000 respectively. Details of auditors' remuneration are as set out in Note 41 to the Financial Statements.

2023 BUSINESS PLAN AND STRATEGY

The Group chalked a strong performance in 2023 in spite of the continued domestic and external challenges and disruptions through the year. As the world settled into a post-pandemic normalcy, inflationary pressures eased in tandem with the tightened fiscal and monetary policies, while economies stabilised in line with buoyant financial markets. Nonetheless, with geopolitical tensions heightened further across the world, and China's structural slowdown and financial woes threatening global supply chains and stability, the macro environment remained highly volatile. Despite this, ASEAN economies remained relatively resilient with decelerating inflation and improving domestic consumption and investments. Following a strong performance in the previous year, the Malaysian economy normalised to a 3.7% GDP growth in 2023, from continued recovery in economic activity and political stability, as well as an easing in headline inflation to 2.5% (2022: 3.3%). Capital markets were relatively robust during the year while the Malaysian banking industry saw sustained loan growth.

2023 marks the penultimate year of the Forward23+ program with the Group having made progressive strides towards achieving the end-2024 ambitions and targets. The strong 2023 performance was achieved with the Forward23+ strategies and plan as guidepost, where focus remained on targeted segment loan growth, a strengthened CASA/deposit franchise, Preferred banking and wealth management, Risk-Adjusted Return On Capital ("RAROC") optimisation, credit risk and asset quality management, as well as further enhancing the Group's digital capabilities and operational resiliency. Prudent cost management was practiced throughout the year and the stiff inflationary pressures were kept to the minimum. The Group continues to make strong progress in its Sustainability agenda, with a revision in the sustainable finance target to RM100 billion in Green Social & Sustainable Impact Products & Services ("GSSIPS") by 2024 from RM60 billion previously as well as publishing the "Path to Net Zero" whitepaper which outlines the Group's approach in setting the 2030 Net Zero targets and transition strategies for selected carbon-intensive sectors.

Directors' Report

for the financial year ended 31 December 2023

2023 BUSINESS PLAN AND STRATEGY (CONTINUED)

The Group posted a 5.9% year-on-year ("YoY") improvement in operating income to RM21.0 billion. Net interest income (inclusive of net finance income and hibah from Islamic Banking operations) eased 3.5% YoY to RM14.6 billion as the strong 8.3% YoY gross loan growth was offset by a 29bps contraction in net interest margins ("NIM") to 2.22% due to elevated cost of deposits largely from year-end deposit competition. Non-interest income ("NOII") expanded by a robust 36.5% YoY underpinned by strong investment and market related income, as well as gains on sale of non-performing loans ("NPL"). Total operating expenses rose 5.6% YoY to RM9.9 billion on the back of cost inflation and technology investments which were expected as we continued to strengthen our operational resiliency. Expected credit losses ("ECL") declined 26.4% YoY from lower provisions in Consumer and Commercial Banking. The Group's profit before tax ("PBT") of RM9.5 billion was 14.0% higher YoY attributed to the positive pre-provision operating profit ("PPOP") and reduced provisions during the year. Capital adequacy remained steady, ending the year with a total capital ratio of 18.2% and a Core Equity Tier 1 ("CET1") ratio of 14.5%, while the Group's net return on equity ("ROE") came in at 10.7%.

The regional Consumer PBT was 8.0% higher YoY at RM3.0 billion, attributed to stronger operating income from NOII growth in Malaysia foreign exchange ("FX") and fee income, and lower provisions largely from Malaysia, partially offset by weaker NII from NIM compression. Regional Commercial Banking PBT improved 22.6% YoY to RM1.8 billion driven by higher operating income predominantly from NOII due to higher FX income, NPL sale gains in Indonesia, as well as lower provisions. Wholesale Banking posted a PBT growth of 2.9% YoY to RM3.1 billion mainly from higher NOII in trading and FX, partially offset by weaker NIM and higher operating expenses and provisions. Investment Banking performance saw an improvement from improved capital markets and trading income, while the Corporate Banking improvement came from higher revenue driven by loan growth and gain on sale of NPL, as well as lower provisions. Treasury & Markets had a slightly weaker year from lower write back of provisions, despite higher volumes and trading activity.

CIMB Niaga's PBT improved by 27.0% YoY to IDR8,357 billion underpinned by significantly lower provisions on the back of improvement in all asset quality metrics and better portfolio mix. CIMB Thai's PBT declined by 44.5% YoY to THB2.0 billion due to more conservative provisioning and higher expenses. CIMB Singapore's PBT rose 22.6% YoY from strong revenue growth driven by its enhanced deposit franchise.

The Group's total gross loans expanded by 8.3% YoY with growth across all core markets and segments. Consumer Banking loans rose 7.4% while Commercial and Wholesale Banking loans improved by 8.8% and 9.5% YoY respectively. Total Group deposits grew by 8.1% YoY attributed to growth in all core markets, as well as Consumer and Commercial Banking. CASA (Current Account & Savings Account) balances grew 11.5% YoY with the CASA ratio ending 2023 higher at 41.2% (compared to 39.9% as at end-2022) as the Group continued focusing on growing its deposit and CASA franchise. The Group's NIM contracted 29bps YoY to 2.22% in 2023.

The Group's cost to income ratio improved slightly to 46.9% compared to 47.1% in 2022, in tandem with the positive JAW as operating income outgrew operating expenses by 0.3%. The Group's loan loss provisions on loans, advances and financing decreased 21.5% YoY to RM1.5 billion in 2023 with the total loan loss charge improving to 0.32% from 0.51% in 2022. The Group's gross impairment ratio also improved to 2.7% as at end-2023 compared to 3.3% as at end-2022, with a higher allowance coverage of 97.0%.

The Group announced a higher dividend payout in 2023 of 55.0% (2022: 50.5%) by declaring total dividends amounting to RM3.8 billion or 36.00 sen per share. This all-cash dividend was paid in two interim payouts of 17.50 sen (paid in October 2023) and 18.50 sen to be paid in April 2024. As part of the capital optimisation plan, the Group has also announced a special dividend amounting to RM 747 million or 7.00 sen per share to be paid out fully in cash in April 2024.

OUTLOOK FOR 2024

The Group expects that the global economic uncertainty will remain in 2024 in view of geopolitical tensions and the risk of structural slowdown in China. The ASEAN economies remain resilient with decelerating inflation and improving domestic consumptions and investments driven by tapering global interest rates. As we approach the final year of the Forward23+ strategic plan, the Group is focused on delivering its targets for 2024 by maintaining focus on targeted growth in loans and CASA, Preferred Banking and wealth management, while further enhancing on digital capabilities and operational resiliency. The Group is cautiously optimistic on continued positive financial performance in 2024 through improved asset quality and credit risk management, as well as prioritising net interest margin ("NIM") management, sensible cost management and advancing the sustainability agenda.

CIMB Malaysia and CIMB Niaga's performance are expected to track the domestic economic environment with focus on improving interest margin and accelerating digital delivery. CIMB Singapore is expected to sustain its performance after a strong year in 2023, while CIMB Thai is positioned for a better performance focusing on ASEAN network business and rigorous transformation of its retail operations.

Directors' Report

for the financial year ended 31 December 2023

RATINGS BY EXTERNAL RATING AGENCY

Details of the rating of the Company and its debt securities are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	June 2023	1. Long-term Issuer Rating 2. Short-term Issuer Rating	Baa1 P-2	Stable
Malaysian Rating Corporation Berhad (MARC)	September 2023	1. Long-term Corporate Credit Rating 2. Short-term Corporate Credit Rating 3. RM10.0 billion Tier 2 Subordinated Debt Programme	AA+ MARC-1 AA	Stable
RAM Rating Services Berhad (RAM)	August 2023	1. Long-term Corporate Credit Rating 2. Short-term Corporate Credit Rating 3. RM6.0 billion Conventional/Islamic Medium-term Notes Programme 4. RM10.0 billion Additional Tier I Capital Securities Programme 5. RM15 billion Sukuk Wakalah Programme 6. RM15 billion Tier-2 Subordinated Sukuk Wakalah Programme 7. RM15 billion Additional Tier-1 Sukuk Wakalah Programme 8. Proposed RM3 billion Conventional Commercial Papers Programme	AA1 P1 AA1 A1 AA1 AA2 A1 P1	Stable

BOARD SHARIAH COMMITTEE

Pursuant to the enterprise wide Shariah governance framework as provided by Bank Negara Malaysia in its Policy Document on Shariah Governance and Islamic Financial Services Act 2013, the Board of Directors ("the Board") is ultimately responsible and accountable for the oversight and management of Shariah matters in the operation of the Group's Islamic banking and finance activities. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee ("BSC") of CIMB Group Holdings Berhad that it established under its core Islamic operating entity, CIMB Islamic Bank Berhad ("CIMB Islamic").

The main responsibility of the BSC is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the CIMB Group Holdings Berhad. The BSC operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

All decisions by the Board on Shariah matters relating to the Islamic banking business of CIMB Group Holdings Berhad shall be made based on the decisions, views and opinions of the BSC.

In due regard to the decisions and advice of the BSC on Shariah matters, the Board shall give sufficient attention to the facts and basis for the Shariah decisions as well as providing fair consideration to the implications of implementing the Shariah decisions made by the BSC.

Any decision of the Board on Shariah matter shall be made based on the final decisions, views and opinions of the BSC. All decisions of the Board and the BSC on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

Directors' Report

for the financial year ended 31 December 2023

BOARD SHARIAH COMMITTEE (CONTINUED)

The BSC shall at all times advise the Board to ensure that the Group's Islamic banking and finance business does not have elements/ activities which are not permissible under Shariah.

The BSC members are as follows:

1. Associate Professor Dr. Mohamed Fairooz Abdul Khir (Chairman)
2. Professor Dr. Aishath Muneeza
3. Dr. Ahmad Sufian Che Abdullah
4. Mr. Ahmed Baqar Rehman (contract ended 5 May 2023)
5. Professor Dr. Yousef Abdulah Al-Shubaily (contract ended 31 March 2023)
6. Dr. Mohammad Mahbubi Ali (appointed on 1 April 2023)
7. En. Jalalullail Othman (appointed on 6 May 2023)

The Board hereby affirms that based on advice of the BSC, the Group's Islamic banking and finance operations has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the BSC in a separate BSC Report made herein.

MEETINGS AND ATTENDANCE

BSC convened 10 meetings during the financial year 2023 including 2 special meetings to cater for urgent business proposals. All BSC members have satisfied the minimum 75% attendance requirement under BNM Shariah Governance Policy Document.

BOARD ENGAGEMENT AND TRAININGS ATTENDED

As part of the initiatives to strengthen the good governance and oversight function of the Board over Shariah matters, the following activities were carried out in 2023:

- 2 Joint Board and BSC meetings were held in April and November 2023 respectively. The BSC members presented 2 topics on:
  - (i) Decision Making Process by the Shariah Advisory Council (SAC) of Security Commission (SC) and Digital Currency from Shariah Perspective and
  - (ii) Managing Islamic Social Finance Using 'Adl and Ihsan based Approach at its first Joint Board and BSC Meeting held on 10 April 2023. The second Joint Board and BSC meeting held on 20 November 2023 focused on Zakat related matter where Management invited Lembaga Zakat Selangor to talk on 'Pengurusan Zakat: Kutipan dan Agihan Berdasarkan Amalan dan Praktis Lembaga Zakat Selangor'. Management of CIMB Islamic also presented on 'Zakat Wakalah: CIMB Islamic Approach on Distribution'.
- A training session had been conducted by Prof. Engku Rabiah Adawiyah Engku Ali on the topic of Shariah Decision Making Pursuant to Islamic Jurisprudence.
- In addition, BSC had also organised an Off-Site Meeting and discussed on Industry Shariah Research on Hedging/Anticipatory Hedging, Ujrah Based Credit Card, Updates on Sustainability Pursuant to BNM Financial Sector Blueprint 2022-2026, Islamic Social Finance, Discussion on Tawarruq Concentration Pursuant to BNM Financial Sector Blueprint 2022-2026 and Shariah Research Plan 2024.

As guided by Securities Commission's Guidelines for Shariah Advisers, BSC members had fulfilled with the minimum 3 SIDC's CPE approved courses on capital market during the financial year 2023.

Directors' Report
for the financial year ended 31 December 2023

BOARD ENGAGEMENT AND TRAININGS ATTENDED (CONTINUED)

Among the training programs provided by SIDC which qualify for CPE points attended by BSC members were as follow:

- Train-The-Trainer For Derivatives Market Professionals: Design And Deliver An Effective Training Session (TTT Part 1)
- Train-The-Trainer (TTT) For Derivatives Market Professionals: Design And Deliver An Effective Training Session (TTT Part 2)
- Train-The-Trainer For Derivatives Market Professionals: Design And Deliver An Effective Training Session (TTT Part 3)
- Train-The-Trainer For Derivatives Market Professionals: Design And Deliver An Effective Training Session (TTT Part 4)
- Sustainable and Responsible Investment (SRI) Virtual Conference 2023
- Module 1: Directors As Gatekeepers Of Market Participants
- Module 2A: Business Challenges And Regulatory Expectations – What Directors Need To Know (Equities & Futures Broking)
- Module 4: Emerging and Current Regulatory Issues In The Capital Market
- Cybersecurity & Data Privacy: The Fight Against Financial Crime

In addition to the above training programs, the BSC members also attended and participated in the following events and training:

- Muzakarah Cendekiawan Shariah Nusantara 2023
- Muzakarah Penasihat Syariah 2023
- Kuala Lumpur Islamic Finance Forum 2023
- Islamic Sustainable Finance & Investment Forum 2023
- Joint Board for Group Sustainability

BSC ASSESSMENT

In compliance with BNM Shariah Governance Policy Document, the BSC undergoes the process of assessing the effectiveness of each individual BSC members and the committee as a whole annually.

Pursuant to CIMB's Annual Evaluation Manual and BNM's Corporate Governance Policy Document, CIMB is to obtain an independent perspective on the Board's effectiveness to gain insights on the Board's performance against peer Boards and best practices, once every 3 years. CIMB had in 2023 appointed an external consultant to conduct for year end 2022 Board Effectiveness Assessment (BEA) on the Boards and Board Committees of CIMB, CIMB Bank, CIMB Islamic and CIMB Investment. A comprehensive approach including quantitative and qualitative assessment was adopted to assess the Boards, Board Committees and its Directors.

ZAKAT OBLIGATIONS

CIMB Islamic Bank Berhad pays business zakat by adopting the Adjusted Growth Method to state zakat authorities in line with the methodology approved by the BSC. However, the amount payable by the CIMB Islamic Bank Berhad is at the discretion of the management of CIMB Islamic Bank Berhad and it is the shareholder's responsibility to ensure that their own zakat obligations are fulfilled in relation to their ownership of the share.

For the Group's banking and asset management subsidiaries, the obligation and responsibility for payment of zakat on deposits and investments received from their customers lies with their respective Muslim customers only. The aforesaid is subject to the jurisdictional requirements on zakat payment as may be applicable from time to time on the Group and its subsidiaries arising from changes to local legislation, regulation, law or market convention as the case may be. Accrual of zakat expenses (if any) in the Financial Statements of the Group is reflective of this.

The beneficiaries of the zakat fund are determined by relevant internal CIMB policy and procedure and guideline as approved by the BSC.

Directors' Report

for the financial year ended 31 December 2023

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 53.1 to the Financial Statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR END

Significant events after the financial year are disclosed in Note 53.2 to the Financial Statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 15 March 2024.

Signed on behalf of the Board of Directors in accordance with their resolution.

Datuk Mohd Nasir Ahmad
Chairman

Dato' Abdul Rahman Ahmad
Director

Kuala Lumpur
15 March 2024

Statement by Directors

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

We, Datuk Mohd Nasir Ahmad and Dato' Abdul Rahman Ahmad, being two of the Directors of CIMB Group Holdings Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 37 to 338 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and financial performance of the Group and of the Company for the financial year ended 31 December 2023, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.

Datuk Mohd Nasir Ahmad
Chairman

Dato' Abdul Rahman Ahmad
Director

Kuala Lumpur
15 March 2024

Statutory Declaration

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

I, Khairulanwar bin Rifaie, being the officer primarily responsible for the financial management of CIMB Group Holdings Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 37 to 338 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Khairulanwar bin Rifaie
(MIA No. CA 47164)

Subscribed and solemnly declared by the abovenamed Khairulanwar bin Rifaie at Kuala Lumpur before me, on 15 March 2024.

Commissioner for Oaths

PESURUHJAYA SUMPAH
PJS No: W 797
Name: AZIZAM BIN AZIZAN
01.01.2023 - 31.12.2025
MALAYSIA

1-30, Jalan Pandan Prima 2,
Dataran Pandan Prima,
55100 Kuala Lumpur.

Board Shariah Committee's Report

In the name of Allah, the Most Beneficent, the Most Merciful.

We, the members of the CIMB Group Board Shariah Committee ("BSC") as established under CIMB Islamic Bank Berhad ("CIMB Islamic"), are responsible to advise the Board in the oversight and management of Shariah matters in the operation of the Group's Islamic banking and finance activities. Although the Board is ultimately responsible and accountable for all Shariah matters under the Group, the Board relies on our independent advice on the same.

Our main responsibility and accountability is to assist the Board in ensuring that the Group's Islamic banking and finance businesses does not have elements/activities which are not permissible under Shariah. In undertaking our duties, we shall follow and adhere to the decisions, views and opinions of the Shariah Advisory Council of the relevant Malaysian financial regulators for businesses undertaken in Malaysia and for businesses outside Malaysia, we shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any, sanctioned by law/regulation to be followed by the Group) in the relevant jurisdiction that the Group is doing business.

As members of the BSC, we are responsible to provide an independent assessment and confirmation in this financial report that the operations of the Islamic banking and finance business of CIMB Group have been done in conformity with Shariah as has been decided and opined by us and with those Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by relevant financial regulators in the relevant jurisdictions that the Group's Islamic banking and finance businesses were undertaken during the period being reported.

Our independent assessment and confirmation has been used as the basis for the Board's affirmation of the same in the Director's Report herein before.

In making our independent assessment and confirmation, we have always recognised the importance of CIMB Group maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its Islamic banking and finance businesses.

In this regard, sufficient internal controls are in place to ensure that any new Islamic financial transaction is properly authorised; the group's assets and liabilities under its statements of financial position are safeguarded against possible Shariah non-compliance; and, that the day-to-day conduct of its operations does not contradict with Shariah principles.

In addition to the necessary policies and procedures, the Group has a well-defined division of responsibility by Management and the communication of Shariah policies and guidelines of business conduct to all staff.

Effective Shariah governance is supported mainly by qualified Shariah officers consist of Shariah researchers as well as the advisory and consultancy function under Shariah Advisory & Governance department of Group Islamic Banking Division that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. Shariah Advisory and Board Shariah Committee Secretariat Policy and Procedure are 2 main documents in governing the daily function of Shariah Advisory & Governance department.

CIMB Group Shariah Review Policy and Procedure were established to set out policies for Shariah review function encompassing regular examination and evaluation of the Group's level of compliance to the Shariah requirements, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences. In addition, the Group Shariah Review Procedure sets out the procedures for Shariah review execution, responsibilities of stakeholders and internal reporting process relating to Shariah Non-Compliant events, in line with BNM's requirements. In ensuring that the activities and operations of CIMB Group are Shariah-compliant, Shariah Review conducts post review of CIMB Group's activities and operations in accordance with the annual Shariah review work plan approved by us and the respective Boards of Directors of CIMB Group. Additionally, Shariah Review conducts investigations on issues escalated by the stakeholders and performs ad-hoc review as required from time to time by us and the regulators.

As for effective risk management and control, the Group adopted the strategic implementation of tiered model i.e. Three Lines of Risk Defense in governing and managing Shariah Non-Compliant risk.

Board Shariah Committee's Report

Lastly, there is also a team of internal auditors who conduct periodic Shariah audits of all the Group's Islamic banking and finance operations on a scheduled basis. Group Corporate Assurance Division ("GCAD") reports independently to the CIMB Group Audit Committee ("AC") and the Banking Group Audit Committee ("Banking Group AC") and is independent of the activities and operations of the business and other support units. In addition, GCAD reports on matters related to Islamic Banking and Shariah audits to the BSC. The principal responsibility of GCAD is to provide independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by the Management. In addition, GCAD provides audit conclusion based on Level of Conformance in relation to regulatory audit/reviews, and whether objectives were met for assignments that are based on specific audit or review objectives. GCAD also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases, potential secrecy breach, and other incidences, as and when required, and recommends appropriate improvements to prevent recurrence and actions against persons responsible. The annual audit plan is developed based on assessment of risks, exposures and strategies of CIMB Group and its Islamic banking and finance business.

To strengthen the compliance towards Shariah, the Group has continuously instilled a Shariah-compliance culture by adopting a holistic top-down approach within the organisation. At the apex, the Group set an appropriate 'tone from the top', where the Board and BSC play their oversight role on the Shariah governance in the Group. The Group also held Board and BSC engagement sessions or Joint Board meeting between Board of Directors and BSC which serve as a platform for effective communication between Board, BSC and Senior Management on oversight over Shariah governance.

The Group also continues Shariah Capacity Building programs to inculcate strong Shariah knowledge within the Group. The Group has supported CIMB Islamic and CIMB Bank staff to enroll in relevant certification programs such as Associate Qualification in Islamic Finance ("AQIF"), Certified Shariah Advisor ("CSA"), Certified Professional Shariah Auditor ("CPSA"), Islamic Finance Internal Qualification Program ("IFiQ") and others. The Bank had also organised a training session conducted by Dr. Mohammad Mahbubi Ali as the representative from the Board Shariah Committee where he shared about the Understanding Product Structuring in Islamic Finance.

All in all, the Management of the Group is responsible and accountable to the Board to ensure that the Islamic banking and finance businesses of CIMB Group are conducted in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advise the Board accordingly. Based on the internal controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Group has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us (excluding PT Bank CIMB Niaga Tbk), and the overall aims and operations, business, affairs and activities of CIMB Islamic are in compliance with Shariah but it has come to the BSC's attention that a material Shariah Non-Compliant event(s) has occurred within the Group and has been or in the process of being rectified. Details of the Shariah Non-Compliant events are as follows:

(1) Non-Execution of Tawarruq Commodity Trading prior disbursement for Invoice Financing-i.

Nature: Non-Execution of Tawarruq Commodity Trading prior disbursement for Invoice Financing-i.

Measures undertaken:
a) Execution of Tawarruq Commodity Trading for the impacted financing account.
b) Refund of the profit paid by customer totaling of USD2,175.33 by offsetting the customer's account for Invoice Financing-i.

Status:
a) The action item was completed by executing the tawarruq transaction to the impacted financing account.
b) The Bank has set-off of USD2,175.33 which was credited back to the client's account.

(2) Overcharged of Late Payment Charges ("LPC") in property auction sale.

Nature: Overcharged of LPC in property auction sale.

Measures undertaken: Refund of the additional charges totaling of RM163,594.46 to the impacted successful bidders ("SBs").

Status:
a) For SBs with CIMB Current Account/Saving Account (CASA): Completed.

b) For SBs without CIMB Current Account/Saving Account (CASA):
- Completed refund for partial of the SBs.
- As for the rest of the SBs, pending SB's information on their account details.

Board Shariah Committee's Report

Apart from the purification of income from Shariah Non-Compliant events, the Group has instituted several rectification measures relating to processes and procedures to enhance control mechanism and minimise recurrence of Shariah Non-Compliant incidents.

In our opinion:

1. The contracts, transactions and dealings entered into by the Group during the financial year ended 31 December 2023 that were presented to us were done in compliance with Shariah save and except for the contracts involved in the two Shariah Non-Compliant events;
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah;
3. There were no earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes save and except for the abovementioned material Shariah Non-Compliant events and the said amount have been partially* refunded to the rightful owner; and
4. The zakat calculation is in compliance with Shariah principles.

***Note**: *The refund for overcharged of LPC in property auction sale is currently awaiting SB's information on their account details and if no respond from the SB by 31 August 2024, the Bank will proceed with unclaimed money process by 31 January 2025.*

We have actively monitored and overseen the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by the Group. We are satisfied that the Management has planned and performed the necessary review and audit so as to obtain all the information and explanations which are considered necessary to provide us with sufficient evidence to give reasonable assurance that the Group has not violated Shariah.

We, the members of the BSC, are of the opinion that the operations of the Group's Islamic banking and finance business for the financial year ended 31 December 2023 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee

Associate Professor Dr. Mohamed Fairooz Abdul Khir
Chairman

Dr. Ahmad Sufian Che Abdullah
Member

Kuala Lumpur
15 March 2024

Independent Auditors' Report

to the members of CIMB Group Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the financial statements of CIMB Group Holdings Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

WHAT WE HAVE AUDITED

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, comprising a summary of material accounting policies and other explanatory information, as set out on pages 37 to 338.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of material accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

to the members of CIMB Group Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

GROUP KEY AUDIT MATTERS

Key audit matters	How our audit addressed the key audit matters
EXPECTED CREDIT LOSSES FOR LOANS, ADVANCES AND FINANCING AND DEBT INSTRUMENTS MEASURED AT AMORTISED COST Refer to accounting policy I(i) and Notes 8, 10, 42, 43 and 55(a) of the financial statements. We focused on this area due to the size of the carrying value of loans, advances and financing and debt instruments measured at amortised cost, which represented 69% of total assets of the Group. In addition, the expected credit loss ("ECL") impairment model under MFRS 9 "Financial Instruments" requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The significant judgements in applying the accounting requirements for measuring ECL include the following: • Building the appropriate collective assessment models used to calculate ECL. The models are inherently complex and judgement is applied in determining the appropriate construct of the model; • Identification of loans, advances and financing and debt instruments at amortised cost that have experienced a significant increase in credit risk; and • Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors, probability weighted multiple scenarios and ECL overlay adjustments made.	We performed the following audit procedures: • Understood and tested the relevant controls over identification of loans, advances and financing and debt instruments at amortised cost that have experienced significant increase in credit risk or objective evidence of impairment and the calculation of the impairment loss. • Examined a sample of loans, advances and financing and debt instruments at amortised cost with focused on loans, advances and financing and debt instruments at amortised cost identified by the Group as having lower credit quality, rescheduled and restructured, borrowers in high risk industries impacted by emerging risk, and formed our own judgement as to whether there was a significant increase in credit risk or any objective evidence of impairment. • Where objective evidence of impairment was identified by the Group and impairment loss was individually calculated, we assessed the adequacy of impairment allowance by examining both the quantum and timing of future cash flows used by the Group in the impairment loss calculation, challenging the assumptions and comparing estimates to external evidence where available. We also re-performed the calculations of the discounted cash flows. • Assessed and tested the methodologies and significant modelling assumptions inherent within the ECL models applied against the requirements of MFRS 9. • Tested the design and operating effectiveness of the controls relating to: – Governance over ECL model development and model refinements, including model build, model approval, model monitoring, model validation and model overlay; and – Data used to determine the allowances for credit losses including the completeness and accuracy of the key inputs and assumptions used into respective ECL models. • Assessed and considered reasonableness of forward-looking forecasts assumptions. • Assessed the reasonableness and tested the identification and calculation of the overlay adjustment to the ECL due to the impact of emerging risk. • Checked the accuracy of data and calculation of the ECL amount, on a sample basis. • Involved our financial risk modelling experts and IT specialists in areas such as reviewing appropriateness of the ECL models and data reliability. The assessment and conclusion on the more judgemental interpretations made by management were discussed with the Audit Committee. There were instances where the quantum of impairment required was different from that determined by management due to variance in the inputs used for ECL calculations purposes. Based on the procedures above, we did not find any material exceptions to the Group's assessment on impairment of loans, advances and financing and debt instruments at amortised cost.

Independent Auditors' Report

to the members of CIMB Group Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

GROUP KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
ASSESSMENT OF THE CARRYING VALUE OF GOODWILL AND ITS IMPAIRMENT	
Refer to accounting policy M(a), V and Notes 20 and 55(b) of the financial statements. The Group recorded goodwill of RM6,476 million as at 31 December 2023 which arose from a number of acquisitions in prior years. For purposes of the annual impairment assessment of goodwill, the Group has assessed the recoverable amount of each cash generating unit ("CGU") with allocated goodwill based on the higher of the value-in-use ("VIU") and fair value less cost of disposal. The Group determined that the recoverable amount of all CGUs was based on VIU which involves estimation of future cash flows. This estimation is inherently uncertain and requires significant judgement on both future cash flows and the discount rate applied to the future cash flows. Therefore, the extent of judgement and the size of the goodwill resulted in this matter being identified as an area of audit focus.	We performed the following audit procedures: • Assessed that each CGU represents the smallest identifiable group of assets that generate independent cash flows based on our understanding of the business model of the Group. • Compared the cash flow projections of each CGU to the approved budget for the respective CGU. • Compared previous cash flow projections to actual results of each CGU to assess the reasonableness of assumptions used in the cash flow projections. • Independently computed discount rates which reflect the specific risks relating to each CGU based on publicly available information. • Assessed the reasonableness of the terminal growth rates based on historical results, economic outlook and industry forecasts. • Independently performed a sensitivity analysis over projected cash flows, terminal growth rates and discount rates used in deriving the VIU to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of each CGU. Based on the procedures performed, we did not find any material exceptions to the conclusions made by the Group on the impairment assessment of goodwill as at 31 December 2023.

There are no key audit matters to report for the Company.

Independent Auditors' Report

to the members of CIMB Group Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Board Shariah Committee's Report, which we obtained prior to the date of this auditors' report, and 2023 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

to the members of CIMB Group Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

OTHER MATTERS

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

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants

Soo Hoo Khoon Yean
02682/10/2025 J
Chartered Accountant

Kuala Lumpur
15 March 2024

Consolidated Statement of Financial Position

as at 31 December 2023

	Note	2023 RM'000	2022 RM'000
ASSETS			
Cash and short-term funds	2	**34,772,470**	44,008,860
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	3	**9,707,692**	9,751,262
Deposits and placements with banks and other financial institutions	4	**3,207,618**	3,096,482
Financial investments at fair value through profit or loss	5	**48,622,731**	33,200,263
Debt instruments at fair value through other comprehensive income	6	**71,417,298**	58,375,661
Equity instruments at fair value through other comprehensive income	7	**306,171**	300,669
Debt instruments at amortised cost	8	**78,498,195**	64,533,424
Derivative financial instruments	9	**15,644,895**	18,072,158
Loans, advances and financing	10	**429,450,037**	394,557,180
Other assets	11	**14,648,900**	13,601,102
Tax recoverable		**340,804**	339,068
Deferred tax assets	12	**1,934,311**	1,910,929
Statutory deposits with central banks	13	**11,511,391**	10,905,070
Investment in associates	15	**94,159**	41,786
Investment in joint ventures	16	**2,302,366**	2,425,221
Property, plant and equipment	17	**2,055,295**	2,055,881
Right-of-use assets	18	**658,562**	600,402
Investment properties	19	**2,758**	-
Goodwill	20	**6,475,948**	6,382,440
Intangible assets	21	**1,914,967**	1,798,512
		733,566,568	665,956,370
Non-current assets held for sale	56	**5,584**	764,855
Total assets		**733,572,152**	666,721,225
LIABILITIES			
Deposits from customers	22	**463,442,092**	432,949,983
Investment accounts of customers	23	**18,984,125**	13,684,632
Deposits and placements of banks and other financial institutions	24	**40,283,219**	34,189,249
Repurchase agreements/Collateralised Commodity Murabahah		**49,386,566**	35,923,201
Financial liabilities designated at fair value through profit or loss	25	**12,429,238**	11,063,853
Derivative financial instruments	9	**16,077,219**	17,460,533
Bills and acceptances payable		**1,753,934**	2,002,427
Other liabilities	26	**22,679,122**	25,160,638
Lease liabilities	27	**548,621**	500,138
Recourse obligation on loans and financing sold to Cagamas	28	**3,986,749**	650,667
Provision for taxation and zakat		**356,203**	109,651
Deferred tax liabilities	12	**52,500**	44,852
Bonds, Sukuk and debentures	30	**12,921,042**	9,918,209
Other borrowings	31	**9,698,584**	8,264,785
Subordinated obligations	32	**11,134,047**	11,014,515
		663,733,261	602,937,333
Non-current liabilities held for sale	56	**-**	39
Total liabilities		**663,733,261**	602,937,372

Consolidated Statement of Financial Position

as at 31 December 2023

	Note	2023 RM'000	2022 RM'000
EQUITY			
Capital and reserves attributable to owners of the Parent			
Ordinary share capital	33	**29,094,547**	29,094,547
Reserves	35	**39,233,020**	33,397,265
Less: Shares held under trust	36(a)	**(563)**	(563)
Treasury shares, at cost	36(b)	**(43)**	(43)
		68,326,961	62,491,206
Perpetual preference shares	34	**200,000**	200,000
Non-controlling interests		**1,311,930**	1,092,647
Total equity		**69,838,891**	63,783,853
Total equity and liabilities		**733,572,152**	666,721,225
Commitments and contingencies	51	**1,662,078,807**	1,371,423,297
Net assets per share attributable to owners of the Parent (RM)		**6.41**	5.86

Consolidated Statement of Income

for the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Interest income	37(a)	**23,690,662**	17,847,429
Interest income for financial assets at fair value through profit or loss	37(b)	**1,423,614**	791,617
Interest expense	38	**(14,026,823)**	(7,016,125)
Net interest income (before modification loss)		**11,087,453**	11,622,921
Modification (loss)/gain	39	**(3,747)**	6,707
Net interest income (after modification loss)		**11,083,706**	11,629,628
Income from Islamic banking operations	58	**4,260,336**	3,999,849
Fee and commission income	40(a)	**3,253,363**	2,948,252
Fee and commission expense	40(b)	**(1,019,297)**	(742,265)
Net fee and commission income		**2,234,066**	2,205,987
Other non-interest income	40(c)	**3,436,374**	2,002,052
Net income		**21,014,482**	19,837,516
Overheads	41	**(9,865,076)**	(9,345,507)
Profit before expected credit losses		**11,149,406**	10,492,009
Expected credit losses on loans, advances and financing	42	**(1,534,446)**	(1,952,725)
Expected credit losses written back/(made) for commitments and contingencies	26(a)	**174,921**	(30,756)
Other expected credit losses and impairment allowances made	43	**(231,928)**	(177,757)
		9,557,953	8,330,771
Share of results of joint ventures	16	**(58,914)**	(26,022)
Share of results of associates	15	**41,692**	66,261
Profit before taxation and zakat		**9,540,731**	8,371,010
Taxation and zakat	45	**(2,378,636)**	(2,778,079)
Profit for the financial year		**7,162,095**	5,592,931
Profit attributable to:			
Owners of the Parent		**6,980,962**	5,439,863
Non-controlling interests		**181,133**	153,068
		7,162,095	5,592,931
Earnings per share attributable to ordinary equity holders of the Parent (sen)			
– Basic	46(a)	**65.46**	52.18
– Diluted	46(b)	**65.28**	52.09

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Profit for the financial year		**7,162,095**	5,592,931
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefits obligation		**(13,494)**	2,419
– Actuarial (loss)/gain		**(15,032)**	361
– Income tax effects		**2,750**	767
– Currency translation difference		**(1,212)**	1,291
Fair value changes on financial liabilities designated at fair value attributable to own credit risk		**56,625**	(154,013)
– Net gain/(loss) from change in fair value attributable to own credit risk		**69,491**	(160,499)
– Currency translation difference		**(12,866)**	6,486
Equity instruments at fair value through other comprehensive income		**2,219**	(21,044)
– Net gain/(loss) from change in fair value		**8,757**	(16,343)
– Income tax effects		**(937)**	(11)
– Currency translation difference		**(5,601)**	(4,690)
		45,350	(172,638)
Items that may be reclassified subsequently to profit or loss			
Debt instruments at fair value through other comprehensive income		**763,937**	(886,883)
– Net gain/(loss) from change in fair value		**1,133,488**	(1,097,535)
– Realised (gain)/loss transferred to statement of income on disposal		**(212,791)**	16,558
– Changes in expected credit losses		**19,842**	(25,068)
– Income tax effects		**(156,452)**	209,486
– Currency translation difference		**(20,150)**	9,676
Net investment hedge		**(339,013)**	(295,066)
Hedging reserve – cash flow hedge		**6,358**	(1,256)
– Net gain/(loss) from change in fair value		**9,000**	(1,654)
– Income tax effects		**(2,642)**	398
Deferred hedging cost		**6,202**	21,353
– Net gain from change in fair value		**3,506**	20,122
– Income tax effects		**2,696**	1,231
Exchange fluctuation reserve		**1,651,387**	35,719
Share of other comprehensive income of			
– Associates	15	**12,350**	8,713
– Joint ventures	16	**3,854**	1,723
		2,105,075	(1,115,697)
Other comprehensive income/(expense) during the financial year, net of tax		**2,150,425**	(1,288,335)
Total comprehensive income for the financial year		**9,312,520**	4,304,596
Total comprehensive income attributable to:			
Owners of the Parent		**9,060,914**	4,211,208
Non-controlling interests		**251,606**	93,388
		9,312,520	4,304,596

Company Statement of Financial Position

as at 31 December 2023

	Note	2023 RM'000	2022 RM'000
ASSETS			
Cash and short-term funds	2	**363,691**	474,259
Debt instruments at fair value through other comprehensive income	6	**1,144,797**	1,737,110
Debt instruments at amortised cost	8	**8,412,266**	7,813,401
Other assets	11	**83,564**	83,364
Amount due from subsidiaries		**–**	209
Tax recoverable		**184,068**	185,361
Investment in subsidiaries	14	**34,724,169**	34,666,619
Property, plant and equipment	17	**131**	266
Right-of-use assets	18	**430**	430
Investment properties	19	**309**	327
Total assets		**44,913,425**	44,961,346
LIABILITIES			
Other liabilities	26	**3,135**	12,762
Amount due to subsidiaries		**13,625**	531
Deferred tax liabilities	12	**2**	3
Other borrowings	31	**3,957,145**	3,956,970
Subordinated obligations	32	**10,624,837**	10,627,596
Total liabilities		**14,598,744**	14,597,862
EQUITY			
Ordinary share capital	33	**29,094,547**	29,094,547
Reserves	35	**1,220,177**	1,268,980
Less: Treasury shares, at cost	36(b)	**(43)**	(43)
Total equity		**30,314,681**	30,363,484
Total equity and liabilities		**44,913,425**	44,961,346

Company Statement of Income

for the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Interest income	37(a)	**407,601**	388,181
Interest expense	38	**(593,390)**	(556,391)
Net interest expense		**(185,789)**	(168,210)
Net non-interest income	40	**3,355,258**	3,718,881
		3,169,469	3,550,671
Overheads	41	**(28,814)**	(30,839)
Profit before expected credit losses		**3,140,655**	3,519,832
Other expected credit losses and impairment allowances made	43	**(915)**	(2,553)
Profit before taxation		**3,139,740**	3,517,279
Taxation	45	**(3,471)**	(1,560)
Profit for the financial year		**3,136,269**	3,515,719

Company Statement of Comprehensive Income

for the financial year ended 31 December 2023

	2023 RM'000	2022 RM'000
Profit for the financial year	**3,136,269**	3,515,719
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss		
Debt instruments at fair value through other comprehensive income	**10,234**	(41,762)
– Net gain/(loss) from change in fair value	**14,027**	(40,906)
– Changes in expected credit losses	**(3,793)**	(856)
Other comprehensive income/(expense) during the financial year, net of tax	**10,234**	(41,762)
Total comprehensive income for the financial year	**3,146,503**	3,473,957

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2023

		Attributable to owners of the Parent															
								Fair value reserve									
The Group	Note	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2023		29,094,547	166,833	242,626	542,479	(563)	(43)	(1,417,428)	(238,981)	(1,701,287)	114,097	417,993	35,270,933	62,491,206	200,000	1,092,647	63,783,853
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	6,980,962	6,980,962	-	181,133	7,162,095
Other comprehensive income/(expense) (net of tax)		-	-	-	1,597,473	-	-	762,600	2,358	(283,581)	1,102	-	-	2,079,952	-	70,473	2,150,425
Debt instruments at fair value through other comprehensive income		-	-	-	-	-	-	762,600	-	-	-	-	-	762,600	-	1,337	763,937
Equity instruments at fair value through other comprehensive income		-	-	-	-	-	-	-	2,358	-	-	-	-	2,358	-	(139)	2,219
Fair value changes on financial liabilities designated at fair value relating to own credit risk		-	-	-	-	-	-	-	-	55,518	-	-	-	55,518	-	1,107	56,625
Net investment hedge		-	-	-	-	-	-	-	-	(339,013)	-	-	-	(339,013)	-	-	(339,013)
Hedging reserve - cash flow hedge		-	-	-	-	-	-	-	-	6,206	-	-	-	6,206	-	152	6,358
Deferred hedging cost		-	-	-	-	-	-	-	-	6,202	-	-	-	6,202	-	-	6,202
Remeasurement of post employment benefits obligations		-	-	-	-	-	-	-	-	(13,133)	-	-	-	(13,133)	-	(361)	(13,494)
Currency translation difference		-	-	-	1,581,363	-	-	-	-	545	1,102	-	-	1,583,010	-	68,377	1,651,387
Share of other comprehensive income of																	
- Associates		-	-	-	12,350	-	-	-	-	-	-	-	-	12,350	-	-	12,350
- Joint ventures		-	-	-	3,760	-	-	-	-	94	-	-	-	3,854	-	-	3,854
Total comprehensive income/(expense) for the financial year		-	-	-	1,597,473	-	-	762,600	2,358	(283,581)	1,102	-	6,980,962	9,060,914	-	251,606	9,312,520
Second interim dividend for the financial year ended 31 December 2022	47	-	-	-	-	-	-	-	-	-	-	-	(1,386,463)	(1,386,463)	-	-	(1,386,463)
First interim dividend for the financial year ended 31 December 2023	47	-	-	-	-	-	-	-	-	-	-	-	(1,866,393)	(1,866,393)	-	-	(1,866,393)

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2023

		← Attributable to owners of the Parent →															
								Fair value reserve									
The Group	Note	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
Non-controlling interests share of dividend		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66,595)	(66,595)
Transfer to statutory reserve		-	14,075	-	-	-	-	-	-	-	-	-	(14,075)	-	-	-	-
Transfer to capital reserve		-	-	75,253	-	-	-	-		-	-	-	(75,253)	-	-	-	-
Contributions by non-controlling interests		-	-	-	-	-	-	-		-	-	-	-	-	-	20	20
Share-based payment expense	41,49	-	-	-	-	-	-	-	-	-	73,784	-	-	73,784	-	-	73,784
Purchase of shares in relation to Equity Ownership Plan ("EOP")		-	-	-	-	-	-	-	-	(15,533)	-	-	-	(15,533)	-	-	(15,533)
Shares released under employee benefit schemes		-	-	-	-	-	-	-	-	14,147	(18,420)	-	-	(4,273)	-	21	(4,252)
Transfer of gain on disposal of treasury shares by a subsidiary		-	-	-	-	-	-	-	-	-	-	-	10,419	10,419	-	-	10,419
Disposal of shares on unexercised employee benefit scheme		-	-	-	-	-	-	-	-	-	(9,660)	-	-	(9,660)	-	-	(9,660)
Transfer of realised loss to retained earnings		-	-	-	-	-	-	-	-	1,144	-	-	(1,144)	-	-	-	-
Disposal of non-current assets held for sale		-	-	-	(36,648)	-	-	-	245	1,646	-	-	-	(34,757)	-	-	(34,757)
Net non-controlling interests share of subsidiary treasury shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,231	34,231
Liquidation of a foreign branch		-	-	-	7,236	-	-	-	-	-	478	3	-	7,717	-	-	7,717
Total transactions with owners recognised directly in equity		-	14,075	75,253	(29,412)	-	-	-	245	1,404	46,182	3	(3,332,909)	(3,225,159)	-	(32,323)	(3,257,482)
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	684,575	(684,575)	-	-	-	-
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	-	-	-	-	-	490	-	-	-	(490)	-	-	-	-
At 31 December 2023		29,094,547	180,908	317,879	2,110,540	(563)	(43)	(654,828)	(235,888)	(1,983,464)	161,381	1,102,571	38,233,921	68,326,961	200,000	1,311,930	69,838,891

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2023

		Attributable to owners of the Parent															
								Fair value reserve									
The Group	Note	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2022		27,099,681	152,997	207,419	462,900	(563)	(43)	(556,531)	(217,545)	(1,315,309)	86,595	129,286	32,814,376	58,863,263	200,000	1,045,485	60,108,748
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	5,439,863	5,439,863	-	153,068	5,592,931
Other comprehensive income/(expense) (net of tax)		-	-	-	79,579	-	-	(860,897)	(21,156)	(425,839)	(342)	-	-	(1,228,655)	-	(59,680)	(1,288,335)
Debt instruments at fair value through other comprehensive income		-	-	-	-	-	-	(860,897)	-	-	-	-	-	(860,897)	-	(25,986)	(886,883)
Equity instruments at fair value through other comprehensive income		-	-	-	-	-	-	-	(21,156)	-	-	-	-	(21,156)	-	112	(21,044)
Fair value changes on financial liabilities designated at fair value relating to own credit risk		-	-	-	-	-	-	-	-	(152,670)	-	-	-	(152,670)	-	(1,343)	(154,013)
Net investment hedge		-	-	-	-	-	-	-	-	(295,066)	-	-	-	(295,066)	-	-	(295,066)
Hedging reserve - cash flow hedge		-	-	-	-	-	-	-	-	(1,063)	-	-	-	(1,063)	-	(193)	(1,256)
Deferred hedging cost		-	-	-	-	-	-	-	-	21,353	-	-	-	21,353	-	-	21,353
Remeasurement of post employment benefits obligations		-	-	-	-	-	-	-	-	914	-	-	-	914	-	1,505	2,419
Currency translation difference		-	-	-	69,692	-	-	-	-	144	(342)	-	-	69,494	-	(33,775)	35,719
Share of other comprehensive income of																	
- Associates		-	-	-	8,713	-	-	-	-	-	-	-	-	8,713	-	-	8,713
- Joint ventures		-	-	-	1,174	-	-	-	-	549	-	-	-	1,723	-	-	1,723
Total comprehensive income/(expense) for the financial year		-	-	-	79,579	-	-	(860,897)	(21,156)	(425,839)	(342)	-	5,439,863	4,211,208	-	93,388	4,304,596
Second interim dividend for the financial year ended 31 December 2021	47	-	-	-	-	-	-	-	-	-	-	-	(1,282,792)	(1,282,792)	-	-	(1,282,792)
First interim dividend for the financial year ended 31 December 2022	47	-	-	-	-	-	-	-	-	-	-	-	(1,361,653)	(1,361,653)	-	-	(1,361,653)

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2023

		Attributable to owners of the Parent															
								Fair value reserve									
The Group	Note	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
Non-controlling interests share of dividend		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(51,235)	(51,235)
Transfer to statutory reserve		-	13,836	-	-	-	-	-	-	-	-	-	(13,836)	-	-	-	-
Transfer to capital reserve		-	-	35,207	-	-	-	-		-	-	-	(35,207)	-	-	-	-
Issuance of shares arising from:																	
- dividend reinvestment scheme	33	1,994,866	-	-	-	-	-	-	-	-	-	-	-	1,994,866	-	-	1,994,866
Acquisition of equity interest from non-controlling interests		-	-	-	-	-	-	-		-	-	-	(1,391)	(1,391)	-	(1,727)	(3,118)
Contributions by non-controlling interests		-	-	-	-	-	-	-		-	-	-	-	-	-	5,926	5,926
Share-based payment expense	41,49	-	-	-	-	-	-	-	-	-	77,415	-	-	77,415	-	-	77,415
Purchase of shares in relation to Equity Ownership Plan (EOP)		-	-	-	-	-	-	-	-	(13,770)	-	-	-	(13,770)	-	-	(13,770)
Shares released under employee benefit schemes		-	-	-	-	-	-	-	-	53,631	(48,330)	-	-	5,301	-	(72)	5,229
Shares of resigned staff under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(1,241)	-	-	(1,241)	-	-	(1,241)
Net non-controlling interests share of subsidiary treasury shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	882	882
Total transactions with owners recognised directly in equity		1,994,866	13,836	35,207	-	-	-	-	-	39,861	27,844	-	(2,694,879)	(583,265)	-	(46,226)	(629,491)
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	288,707	(288,707)	-	-	-	-
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	-	-	-	-	-	(280)	-	-	-	280	-	-	-	-
At 31 December 2022		29,094,547	166,833	242,626	542,479	(563)	(43)	(1,417,428)	(238,981)	(1,701,287)	114,097	417,993	35,270,933	62,491,206	200,000	1,092,647	63,783,853

Company Statement of Changes in Equity

for the financial year ended 31 December 2023

The Company	Note	← Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Non-distributable Fair value reserve – debt instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000 →	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2023		29,094,547	55,982	(43)	(13,534)	87,817	1,138,715	30,363,484
Profit for the financial year		–	–	–	–	–	3,136,269	3,136,269
Other comprehensive income (net of tax)		–	–	–	10,234	–	–	10,234
Debt instruments at fair value through other comprehensive income		–	–	–	10,234	–	–	10,234
Total comprehensive income for the financial year		–	–	–	10,234	–	3,136,269	3,146,503
Second interim dividend for the financial year ended 31 December 2022	47	–	–	–	–	–	(1,386,463)	(1,386,463)
First interim dividend for the financial year ended 31 December 2023	47	–	–	–	–	–	(1,866,393)	(1,866,393)
Capital contribution to subsidiaries		–	–	–	–	57,550	–	57,550
At 31 December 2023		29,094,547	55,982	(43)	(3,300)	145,367	1,022,128	30,314,681

Company Statement of Changes in Equity

for the financial year ended 31 December 2023

The Company	Note	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve – debt instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
		← Non-distributable				→	Distributable	
At 1 January 2022		27,099,681	55,982	(43)	28,228	33,487	267,441	27,484,776
Profit for the financial year		–	–	–	–	–	3,515,719	3,515,719
Other comprehensive expense (net of tax)		–	–	–	(41,762)	–	–	(41,762)
Debt instruments at fair value through other comprehensive income		–	–	–	(41,762)	–	–	(41,762)
Total comprehensive (expense)/income for the financial year		–	–	–	(41,762)	–	3,515,719	3,473,957
Second interim dividend for the financial year ended 31 December 2021	47	–	–	–	–	–	(1,282,792)	(1,282,792)
First interim dividend for the financial year ended 31 December 2022	47	–	–	–	–	–	(1,361,653)	(1,361,653)
Capital contribution to subsidiaries		–	–	–	–	54,330	–	54,330
Issue of shares arising from:								
– dividend reinvestment scheme	33	1,994,866	–	–	–	–	–	1,994,866
At 31 December 2022		29,094,547	55,982	(43)	(13,534)	87,817	1,138,715	30,363,484

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation and zakat		**9,540,731**	8,371,010
Adjustments for:			
Accretion of discounts less amortisation of premiums	37	**(434,478)**	227,902
Other expected credit losses and impairment allowances	43	**231,928**	177,757
Expected credit losses on loans, advances and financing	42	**2,287,056**	2,611,007
Expected credit losses made for commitments and contingencies (written back)/made	26(a)	**(174,921)**	30,756
Amortisation of intangible assets	41	**486,784**	595,649
Depreciation of property, plant and equipment	41	**311,017**	300,917
Depreciation of right-of-use assets	41	**208,848**	215,723
Dividends from financial investments at fair value through profit or loss	40	**(64,801)**	(48,574)
Dividends from equity instruments at fair value through other comprehensive income	40	**(3,158)**	(2,736)
Gain on disposal/dilution of interest in joint ventures and associates	40	**–**	(10,814)
Loss on deemed disposal and disposal of interest in subsidiaries	40	**–**	363
Gain on disposal of property, plant and equipment/assets held for sale	40	**(59,338)**	(27,215)
Gain on liquidation of a foreign branch	40	**(8,127)**	-
Loss on sale of financial investments at fair value through profit or loss	40	**323,985**	1,067,080
(Gain)/loss on sale of debt instruments at fair value through other comprehensive income	40	**(202,014)**	32,936
Gain on redemption of debt instruments at amortised cost	40	**(567)**	(12,740)
Gain on disposal of loans, advances and financing	40	**(302,117)**	(37,170)
Gain on sale of derivative financial instruments	40	**(3,591,827)**	(5,327,351)
Loss on disposal of foreclosed assets	40	**33,294**	6,514
Interest income on debt instruments at fair value through other comprehensive income	37(a)	**(2,572,936)**	(2,040,550)
Interest income on debt instruments at amortised cost	37(a)	**(2,090,367)**	(1,834,030)
Interest expense on subordinated obligations	38	**497,242**	403,779
Interest expense on bonds, Sukuk and debentures	38	**575,429**	364,114
Interest expense on other borrowings	38	**435,346**	226,121
Interest expenses on lease liabilities	38	**20,440**	18,845
Interest expense on recourse obligation on loan and financing sold to Cagamas	38	**36,412**	26,454
Net loss/(gain) arising from hedging activities	40	**31,714**	(32,266)
Property, plant and equipment written off	41	**4,483**	2,786
Intangible assets written off	41	**668**	1,632
Share-based payment expense	49	**73,784**	77,415
Share of results of associates	15	**(41,692)**	(66,261)
Share of results of joint ventures	16	**58,914**	26,022
Unrealised gain on financial liabilities designated at fair value through profit or loss	40	**(181,840)**	(356,161)
Unrealised loss on foreign exchange	40	**255,317**	2,061,552
Unrealised loss on revaluation of derivative financial instruments	40	**848,362**	518,328
Unrealised (gain)/loss on revaluation of financial investments at fair value through profit or loss	40	**(349,126)**	68,972
Unrealised loss from loans, advances and financing at fair value through profit or loss	40	**–**	1,208
Modification loss/(gain)	39	**3,747**	(6,707)
		(3,352,539)	(738,743)
		6,188,192	7,632,267

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
(INCREASE)/DECREASE IN OPERATING ASSETS			
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah		**43,570**	(3,865,764)
Deposits and placements with banks and other financial institutions with original maturity of more than three months		**332,354**	(946,086)
Cash and short-term funds with original maturity of more than three months		**(20,040)**	1,741,680
Financial investments at fair value through profit or loss		**(14,682,631)**	5,363,410
Loans, advances and financing		**(36,840,394)**	(32,511,210)
Other assets		**(615,906)**	(3,454,525)
Derivative financial instruments		**3,367,218**	5,186,935
Statutory deposits with central banks		**(606,321)**	(6,228,870)
		(49,022,150)	(34,714,430)
INCREASE/(DECREASE) IN OPERATING LIABILITIES			
Deposits from customers		**30,492,109**	10,531,891
Investment accounts of customers		**5,299,493**	3,257,465
Deposits and placements of banks and other financial institutions		**6,093,970**	3,487,354
Financial liabilities designated at fair value through profit or loss		**1,547,225**	4,563,232
Repurchase agreements/Collateralised Commodity Murabahah		**13,463,365**	6,738,818
Bills and acceptances payable		**(248,493)**	(32,582)
Other liabilities		**(2,380,512)**	9,105,967
		54,267,157	37,652,145
Cash flows generated from operations		**11,433,199**	10,569,982
Taxation and zakat paid		**(2,209,737)**	(2,474,389)
Net cash flows generated from operating activities		**9,223,462**	8,095,593
CASH FLOW FROM INVESTING ACTIVITIES			
Distributions and capital repayment from associates	15	**1,812**	19,726
Dividend from an associate	15	**–**	36,250
Dividend from joint venture	16	**67,795**	60,000
Dividends from financial investments at fair value through profit or loss	40	**64,801**	48,574
Dividends from equity instruments at fair value through other comprehensive income	40	**3,158**	2,736
Investment in associates	15	**(143)**	(9,102)
Investment in joint ventures	16	**–**	(326,868)
Interest income received from debt instruments at fair value through other comprehensive income	37(a)	**2,572,936**	2,040,550
Interest income received from debt instruments at amortised cost	37(a)	**2,090,367**	1,834,030
Net purchase of debt instruments at fair value through other comprehensive income		**(12,057,520)**	(371,093)
Net purchase of equity instruments at fair value through other comprehensive income		**(2,207)**	(19,865)
Net purchase of debt instruments at amortised cost		**(13,860,213)**	(8,589,736)
Net addition of right-of-use assets		**(113,076)**	(7,100)
Proceeds from disposal of property, plant and equipment/asset held for sale		**858,387**	45,348
Purchase of property, plant and equipment	17	**(338,236)**	(350,560)
Proceeds from disposal of intangible assets		**7,946**	1,137
Purchase of intangible assets	21	**(573,050)**	(549,941)
Net cash flows used in investing activities		**(21,277,243)**	(6,135,914)

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution from non-controlling interests		**20**	5,926
Dividends paid to non-controlling interests		**(66,595)**	(51,235)
Dividends paid to shareholders	47	**(3,252,856)**	(649,579)
Interest paid on bonds, Sukuk and debentures	(i)	**(540,506)**	(309,729)
Interest paid on commercial papers and medium term notes	(i)	**(152,028)**	(114,019)
Interest paid on subordinated obligations	(i)	**(491,840)**	(403,636)
Interest paid on other borrowings	(i)	**(276,067)**	(86,346)
Interest paid on recourse loans sold to Cagamas	(i)	**(44,345)**	(27,766)
Proceeds from issuance of commercial papers and medium term notes	(i)	**354,993**	–
Proceeds from issuance of bonds, Sukuk and debentures	(i)	**5,310,794**	5,619,953
Proceeds from issuance of subordinated obligations	(i)	**1,840,000**	2,500,000
Proceeds from recourse loans sold to Cagamas	(i)	**3,300,000**	–
Proceeds from other borrowings	(i)	**1,959,282**	4,449,409
Repayment of lease obligation	(i)	**(125,889)**	(213,975)
Redemption/repayment of bonds, Sukuk and debentures	(i)	**(2,789,757)**	(9,116,594)
Repayment of commercial papers and medium term notes	(i)	**(354,993)**	(764,568)
Repayment of recourse loans sold to Cagamas	(i)	**–**	(320,007)
Redemption/repayment of subordinated obligations	(i)	**(1,812,450)**	(1,493,556)
Repayment of other borrowings	(i)	**(730,825)**	(3,675,958)
Net cash flows generated from/(used in) financing activities		**2,126,938**	(4,651,680)
Net decrease in cash and cash equivalents during the financial year		**(9,926,843)**	(2,692,001)
Effects of exchange rate changes		**1,114,328**	309,843
Cash and cash equivalents at beginning of the financial year		**43,039,072**	46,106,715
		34,226,557	43,724,557
Monies held in trust*		**–**	(685,485)
Cash and cash equivalents at end of the financial year		**34,226,557**	43,039,072
Cash and cash equivalents comprise:			
Cash and short-term funds	2	**34,772,470**	44,008,860
Deposits and placements with banks and other financial institutions	4	**3,207,618**	3,096,482
		37,980,088	47,105,342
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months		**(3,167,338)**	(3,380,785)
Monies held in trust*		**–**	(685,485)
Restricted cash	2(b)	**(586,193)**	–
		34,226,557	43,039,072

* *The monies held in trust is included in the cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months.*

Company Statement of Cash Flows

for the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation and zakat		**3,139,740**	3,517,279
Adjustments for:			
Depreciation of property, plant and equipment	41	**136**	147
Depreciation of investment properties	41	**18**	18
Dividends from subsidiaries	40	**(3,354,835)**	(3,131,843)
Gain on disposal of property, plant and equipment/asset held for sale	40	**–**	(4,232)
Interest expense on commercial papers and medium term notes	38	**152,218**	127,312
Interest expense on subordinated obligations	38	**441,172**	429,079
Interest income from debt intruments at fair value through other comprehensive income and debt instruments at amortised cost	37(a)	**(392,373)**	(380,279)
Gain on disposal of a subsidiary	40	**–**	(581,774)
Other expected credit losses and impairment allowances	43	**915**	2,553
Unrealised gain on foreign exchange		**(144)**	(684)
		(3,152,893)	(3,539,703)
		(13,153)	(22,424)
Increase in operating assets			
Amount due to/from subsidiaries		**13,303**	(12,884)
Other assets		**(365)**	1,082,580
		12,938	1,069,696
(Decrease)/increase in operating liabilities			
Other liabilities		**(9,484)**	10,639
		(9,484)	10,639
Cash flows (used in)/generated from operations		**(9,699)**	1,057,911
Taxation and zakat paid		**(2,180)**	(1,791)
Net cash flows (used in)/generated from operating activities		**(11,879)**	1,056,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of additional interest in subsidiaries	14	**(29,740)**	(2,237,719)
Dividends from subsidiaries	40	**3,354,835**	3,131,843
Redemption of Redeemable Preference Shares	14	**29,740**	–
Proceeds from disposal of property, plant and equipment/asset held for sale		**–**	8,000
Interest received from financial investments		**395,144**	362,436
Proceeds from disposal of debt instruments at fair value through other comprehensive income		**1,000,000**	–
Purchase of debt instruments at amortised cost		**(1,300,000)**	(1,000,000)
Purchase of of debt instruments at fair value through other comprehensive income		**(400,000)**	–
Proceeds from disposal of debt instruments at amortised cost		**700,000**	–
Net cash flows generated from investing activities		**3,749,979**	264,560

Company Statement of Cash Flows

for the financial year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders	47	**(3,252,856)**	(649,579)
Interest paid on commercial papers and medium term notes	(i)	**(152,042)**	(128,589)
Interest paid on subordinated obligations	(i)	**(443,931)**	(411,244)
Proceeds from issuance of commercial papers and medium term notes	(i)	**354,993**	–
Proceeds from issuance of subordinated obligations	(i)	**1,700,000**	2,500,000
Repayment of commercial papers and medium term notes	(i)	**(354,993)**	(750,000)
Repayment of subordinated obligations	(i)	**(1,700,000)**	(1,500,000)
Net cash flows used in financing activities		**(3,848,829)**	(939,412)
Net (decrease)/increase in cash and cash equivalents during the financial year		**(110,729)**	381,268
Effects of exchange rate changes		**(528)**	(683)
Cash and cash equivalents at beginning of the financial year		**474,259**	93,674
Cash and cash equivalents at end of the financial year		**363,002**	474,259
Cash and cash equivalents comprise:			
Cash and short-term funds	2	**363,691**	474,259
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months		**(689)**	–
Cash and cash equivalents at end of financial year		**363,002**	474,259

(i) An analysis of changes in liabilities arising from financing activities is as follows:

	The Group						The Company		
	Recourse obligation on loans and financing sold to Cagamas RM'000	Bonds, Sukuk and debentures RM'000	Other borrowings* RM'000	Subordinated obligations RM'000	Lease liabilities RM'000	Total RM'000	Other borrowings* RM'000	Subordinated obligations RM'000	Total RM'000
At 1 January 2023	**650,667**	**9,918,209**	**8,264,785**	**11,014,515**	**500,138**	**30,348,314**	**3,956,970**	**10,627,596**	**14,584,566**
Proceeds from issuance	**3,300,000**	**5,310,794**	**2,314,275**	**1,840,000**	**-**	**12,765,069**	**354,993**	**1,700,000**	**2,054,993**
Repayment and redemption	**-**	**(2,789,757)**	**(1,085,818)**	**(1,812,450)**	**(125,889)**	**(5,813,914)**	**(354,993)**	**(1,700,000)**	**(2,054,993)**
Interest paid	**(44,345)**	**(540,506)**	**(428,095)**	**(491,840)**	**-**	**(1,504,786)**	**(152,042)**	**(443,931)**	**(595,973)**
Exchange fluctuation	**-**	**325,007**	**198,092**	**1,263**	**-**	**524,362**	**-**	**-**	**-**
Other non cash movement	**80,427**	**697,295**	**435,345**	**582,559**	**174,372**	**1,969,998**	**152,217**	**441,172**	**593,389**
At 31 December 2023	**3,986,749**	**12,921,042**	**9,698,584**	**11,134,047**	**548,621**	**38,289,043**	**3,957,145**	**10,624,837**	**14,581,982**
At 1 January 2022	998,246	13,379,042	8,108,472	10,128,585	575,805	33,190,150	4,707,895	9,609,761	14,317,656
Proceeds from issuance	–	5,619,953	4,449,409	2,500,000	–	12,569,362	–	2,500,000	2,500,000
Repayment and redemption	(320,007)	(9,116,594)	(4,440,526)	(1,493,556)	(213,975)	(15,584,658)	(750,000)	(1,500,000)	(2,250,000)
Interest paid	(27,766)	(309,729)	(200,365)	(403,636)	–	(941,496)	(128,589)	(411,244)	(539,833)
Exchange fluctuation	–	301,238	121,674	(2,406)	–	420,506	–	–	–
Other non cash movement	194	44,299	226,121	285,528	138,308	694,450	127,664	429,079	556,743
At 31 December 2022	650,667	9,918,209	8,264,785	11,014,515	500,138	30,348,314	3,956,970	10,627,596	14,584,566

* *Including commercial paper and medium term note*

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements except as disclosed in the Financial Statements.

A BASIS OF PREPARATION

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

The Financial Statements have been prepared under historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, debts instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivatives financial instruments, investment properties, non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss.

The Financial Statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic Securities under the Shariah principles.

The preparation of Financial Statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 55.

(A) STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATION THAT ARE EFFECTIVE AND APPLICABLE TO THE GROUP AND THE COMPANY

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Company for the financial year beginning 1 January 2023 are as follows:

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 101 and MFRS Practice Statement 2 on 'Disclosure of accounting policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'International Tax Reform-Pillar Two Model Rules'

The adoption of the above amendments to published standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(B) STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE APPLICABLE TO THE GROUP AND THE COMPANY BUT NOT YET EFFECTIVE

The Group and the Company will apply these standards, amendments to published standards from:

(I) FINANCIAL YEAR BEGINNING ON/AFTER 1 JANUARY 2024

- **Amendments to MFRS 101 "Classification of liabilities as current or non-current"**

  The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 'Financial Instruments: Presentation' does not impact the current or non-current classification of the convertible instrument.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

A BASIS OF PREPARATION (CONTINUED)

(B) STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE APPLICABLE TO THE GROUP AND THE COMPANY BUT NOT YET EFFECTIVEE (CONTINUED)

The Group and the Company will apply these standards, amendments to published standards from: (Continued)

(I) FINANCIAL YEAR BEGINNING ON/AFTER 1 JANUARY 2024 (CONTINUED)

- **Amendments to MFRS 101 "Non-current Liabilities with Covenants"**

  The amendments specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

  Both amendments shall be applied retrospectively.

- **Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'**

  The Amendments to MFRS 16 'Lease liability in a sale and leaseback' specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

  The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

(II) FINANCIAL YEAR BEGINNING ON/AFTER 1 JANUARY 2025

- **Amendments to MFRS 121 'Lack of Exchangeability'**

  Amendments to MFRS 121 'Lack of Exchangeability' clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

  The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

B ECONOMIC ENTITIES IN THE GROUP

(A) SUBSIDIARIES

The consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries made up to the end of the financial year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(A) SUBSIDIARIES (CONTINUED)

Under the acquisition method of accounting, the consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are, with limited exception measured initially at their fair value on the date of acquisition.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised. The acquired entity's results and balance sheet are incorporated prospectively from the date on which the business combination between entities under common control occurred.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in acquiree (if any), and the fair value of the Group's previously held equity interest in acquiree (if any), over the fair value of the acquiree's identifiable net assets acquired is recorded as goodwill. The accounting policy for goodwill is set out in Note M(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of income on the acquisition date.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in statement of income.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

All material transactions, balances and unrealised gains on transactions between group companies are eliminated and the consolidated Financial Statements reflect external transactions only. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(B) CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Transactions with non-controlling interests that do not result in loss in control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(C) DISPOSAL OF SUBSIDIARIES

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in statement of income. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(D) JOINT ARRANGEMENTS

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interests in joint ventures are accounted for in the consolidated Financial Statements by using the equity method of accounting, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in statement of income, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income.

Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition, net of accumulated impairment loss (if any). When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of joint ventures' in the statement of income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of income where appropriate.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(E) ASSOCIATES

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in statement of income, and the Group's share of post-acquisition movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of associates' in the statement of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognised in the other comprehensive income is reclassified to statement of income where appropriate.

Dilution gains and losses arising from investments in associates are recognised in the statement of income.

(F) INTERESTS IN SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

In the Company's separate financial statements, investments in subsidiaries, joint arrangements and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in statement of income.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

C RECOGNITION OF INTEREST/PROFIT INCOME AND INTEREST/PROFIT EXPENSE

Interest and profit income and expense for all interest/profit-bearing financial instruments are recognised within "interest income", "interest expense" and "income from Islamic banking operations" respectively in the statement of income using the effective interest/profit method.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest/profit income or interest/profit expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest/profit rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses.

Interest/profit income is calculated by applying effective interest/profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest/profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Income from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

D RECOGNITION OF FEES INCOME AND EXPENSES AND OTHER INCOME

The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group generally satisfy its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, commissions, service charges and fees, credit card related fees and fees on loans, advances and financing. These fees constitute a single performance obligation.
- For a service that is provided over a period of time, fee and commission income is recognised on an equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include guarantee fees and commitment fees.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Dividend income received from subsidiary companies, joint venture, associated companies, financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised as non-interest income in statements of income. Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at fair value through other comprehensive income.

During the financial year, the Group changed its accounting policy on the presentation of fee and commission income and expense in the Consolidated Statement of Income. Under the new presentation policy, the fee and commission income and expenses as well other non-interest income are presented separately in the Consolidated Statement of Income. These line items were presented as a single line item previously.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

D RECOGNITION OF FEES INCOME AND EXPENSES AND OTHER INCOME (CONTINUED)

The Group believes that the revised presentation provides more relevant information to the understanding of the Group's performance. The change has been applied retrospectively and the comparatives were revised accordingly. The change in the presentation policy does not have any impact on the net income for the financial year ended 31 December 2022 as previously reported. The impact of the change to various line items on Consolidated Statement of Income is analysed below:

The Group	As previously presented RM'000	Reclassification RM'000	As currently presented RM'000
Net non-interest income	4,208,039	(4,208,039)	–
Fee and commission income	–	2,948,252	2,948,252
Fee and commission expense	–	(742,265)	(742,265)
Net fee and commission income	–	2,205,987	2,205,987
Other non-interest income	–	2,002,052	2,002,052

E FINANCIAL ASSETS

(A) CLASSIFICATION

The Group and the Company classify their financial assets into the following measurement categories:

- Fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- Amortised cost.

The classification depends on the Group's and the Company's business model for managing the financial assets and the contractual terms of the cash flows.

BUSINESS MODEL ASSESSMENT

The Group and the Company conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

ASSESSMENT WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST ("SPPI")

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Company assess whether the financial assets' contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Company consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

E FINANCIAL ASSETS (CONTINUED)

(A) CLASSIFICATION (CONTINUED)

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI by the Group and the Company.

(i) Financial assets at fair value through OCI comprise of:

- Equity securities which are not held for trading, and for which the Group and the Company have made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss, and
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's and the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) The Group and the Company classify their financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

(iii) The Group and the Company classify the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income;
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

(B) RECOGNITION AND INITIAL MEASUREMENT

A financial asset is recognised in the statement of financial position when the Group and the Company become parties to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase and sell the assets.

At initial recognition, the Group and the Company measure financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(C) SUBSEQUENT MEASUREMENT

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Group and the Company classify their debt instruments.

(i) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss are measured at amortised cost using the effective interest/profit method. Any gain or loss on a debt investment measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest/profit income from these financial assets is included in interest/finance income using the effective interest/profit rate method.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

E FINANCIAL ASSETS (CONTINUED)

(C) SUBSEQUENT MEASUREMENT (CONTINUED)

DEBT INSTRUMENTS (CONTINUED)

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

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit and loss.

When the Group and the Company hold more than one investment in the same security, they are deemed to be disposed of on a first-in, first-out basis. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in non-interest income. Interest/profit income from these financial assets is included in interest/finance income using the effective interest/profit rate method.

(iii) Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within non-interest income in the period which it arises. Interest/profit income from these financial assets continue to be recognised in profit or loss as interest/profit income as disclosed in its respective note.

EQUITY INSTRUMENTS

The Group and the Company subsequently measure all equity investments at fair value except where the management has elected, at initial recognition to irrevocably designate at equity instrument at FVOCI. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial investments at fair value through profit or loss are recognised in non-interest income in the statement of income as applicable.

(D) RECLASSIFICATION OF FINANCIAL ASSETS

The Group and the Company reclassify financial assets when and only when their business model for managing those assets changes. In such cases, the Group and the Company are required to reclassify all affected financial assets. However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instrument that have been designated at FVOCI even when there is a change in business model. Such designation are irrevocable.

(E) MODIFICATION OF LOANS/FINANCING

The Group may renegotiate or otherwise modify the contractual cash flows of loans/financing to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest/profit rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan/financing.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

E FINANCIAL ASSETS (CONTINUED)

(E) MODIFICATION OF LOANS/FINANCING (CONTINUED)

If the terms are substantially different, the Group derecognises the original financial asset and recognises a ″new″ asset at fair value and recalculates a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in statements of income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in statements of income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest/profit rate (or credit–adjusted effective interest/profit rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets is disclosed in Note 39. The ‘phase 2’ amendments for financial assets affected by IBOR reform is disclosed in Note Q.

F FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of income. Financial liabilities are derecognised when extinguished.

(A) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. The specific Group and Company accounting policy on derivatives is detailed in Note Q.

The financial liabilities measured at fair value through profit and loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

Financial liabilities, other than those held for trading, are classified as financial liabilities designated at fair value through profit or loss if they meet one or more of the criteria set out below, and are so designated by management.

The Group and the Company may designate financial liabilities at fair value through profit or loss when the designation:

- Eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases. Certain structured investments with embedded callable range accrual swaps are designated by the Group under this criterion. The interest payable on these structured investments has been hedged with trading derivatives. An accounting mismatch would arise if the structured investments were accounted for at amortised cost, because the related derivatives are measured at fair value with changes in the fair value recognised in the statements of income. By designating the structured investments at fair value, the movement in the fair value of the structured investments will also be recognised in the statement of income;
- Applies to groups of financial liabilities that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and
- Relates to financial liabilities containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

F FINANCIAL LIABILITIES (CONTINUED)

(A) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Company enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when extinguished (liabilities). Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

The component of fair value changes relating to the Group's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling to profit or loss, but are transferred to retained earnings when realised.

The Group determines the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of financial liabilities at fair value through profit or loss. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the conversion option embedded derivative are excluded from the assessment of market risk fair value changes.The Group believes that this approach most faithfully represents the amount of change in fair value due to the Group's own credit risk, as the changes in factors contributing to the fair value of the items other than the changes in the benchmark interest rate are not deemed to be significant.

(B) FINANCIAL LIABILITIES AT AMORTISED COST

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions, repurchase agreements, bills and acceptances payable, sundry creditors, collateral pledged for derivative transactions, bonds, Sukuk and debentures, other borrowings, subordinated obligations, lease liabilities and recourse obligations on loans and financing sold to Cagamas and structured deposits. Structured deposits with embedded derivatives which are not closely related to the host contract are bifurcated and the derivatives are separately accounted for under derivatives in Note 9. The 'phase 2' amendments for financial liabilities affected by IBOR reform is disclosed in Note Q.

G DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OTHER THAN ON A MODIFICATION

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group and the Company test control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group and the Company under standard repurchase agreements transactions is not derecognised because the Group and the Company retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

H OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of defaults, insolvency or bankruptcy.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

I IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Company assess on a forward looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost, FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(I) FINANCIAL ASSETS ACCOUNTED FOR AT AMORTISED COST, FVOCI AND WITH THE EXPOSURE ARISING FROM LOAN COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS.

The Group and the Company use general 3-stage approach for financial assets accounted for at amortised cost, FVOCI and with the exposure arising from loan commitments and financial guarantee contracts which reflect their credit risk and how the ECL is determined for each of those categories.

A summary of the assumptions underpinning the Group's and the Company's expected credit loss model is as follows:

(a) Stage 1: 12-months ECL

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(b) Stage 2: Lifetime ECL – not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(c) Stage 3: Lifetime ECL – credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

The Group and the Company account for their credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group and the Company consider historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

(II) OTHER ASSETS

For the other assets that are within the scope of MFRS 15 such as amount due from broker and other debtors, the Group and the Company apply simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. MFRS 9 allows the use of practical expedients when measuring ECL and states that a provision matrix is an example of such expedient for trade receivables. An entity that applies a provision matrix may use historical loss experience on its trade receivables, and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions.

J SALE AND REPURCHASE AGREEMENTS/COLLATERALISED COMMODITY MURABAHAH

Securities purchased under resale agreements ("reverse repurchase agreements") are securities which the Group had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold/transferred under repurchase agreements/collateralised commodity murabahah are securities which the Group had sold/transferred from its portfolio, with a commitment to repurchase/transfer back at future dates. Such financing transactions and the obligation to repurchase/transfer back the securities are reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price is treated as interest and accrued over the life of the resale/repurchase agreement/collateralised commodity murabahah using the effective yield method.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

K PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially stated at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Freehold land and capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis to allocate the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold land	20 to 50 years
Buildings on leasehold land 50 years or more	40-50 years or over the remaining period of the lease, whichever is shorter
Buildings on leasehold land less than 50 years	40-50 years or over the remaining period of the lease, whichever is shorter
Office equipment, furniture and fixtures	
– office equipment	3-10 years
– furniture and fixtures	5-10 years
Renovations	5-19 years
Computer equipment and hardware	
– servers and hardware	3-7 years
– ATM machine	5-10 years
Motor vehicles	5 to 8 years
General plant and machinery	5 years

Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in non-interest income.

L INVESTMENT PROPERTIES

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group and the Company.

Investment properties of the Company are stated at cost less accumulated depreciation and accumulated impairment loss. The freehold land is not depreciated. The buildings on freehold land are depreciated on a straight line basis over their estimated useful lives of 33.3 years.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in statement of income in the period of the retirement or disposal.

At the Group level, investment properties of the Company are classified as property, plant and equipment as the properties are rented out to an entity within the Group.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

L INVESTMENT PROPERTIES (CONTINUED)

Investment properties of the Group are stated at fair value, representing the open-market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statements of income as part of other income.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

M INTANGIBLE ASSETS

(A) GOODWILL

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units ("CGU"), or groups of CGUs, that is expected to benefit from the business combination in which goodwill arose, identified according to operating segment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisitions of associates and joint arrangements respectively are included in investments in associates and joint arrangements. Such goodwill is tested for impairment as part of the overall balance.

(B) OTHER INTANGIBLE ASSETS

Other intangible assets include customer relationships, core deposits, computer software and license and club debentures. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, when it is probable that future economic benefits attributable to the assets will flow to the Group and the Company. The value of intangible assets which are acquired in a business combination is generally determined using fair value at acquisition. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets that have an indefinite useful life, or are not yet ready for use, are tested for impairment annually. This impairment test may be performed at any time during the year, provided it is performed at the same time every year. An intangible asset recognised during the current period is tested before the end of the current year.

Intangible assets that have a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, and are amortised over their estimated useful lives.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

M INTANGIBLE ASSETS (CONTINUED)

(B) OTHER INTANGIBLE ASSETS (CONTINUED)

Intangible assets are amortised over their finite useful lives as follows:

Customer relationships:	
– Credit card	12 years
Core deposits	8 – 20 years
Computer software	3 – 15 years

During the financial year ended 31 December 2021, management initiated review of useful life taking into account industry experience and technology changes. As a result, useful life of certain computer software were revised from 3-15 years to 3-10 years.

N LEASES – THE GROUP AND THE COMPANY AS LESSEE

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

LEASE TERM

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU ASSETS

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

LEASE LIABILITIES

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Summary of Material Group Accounting Policies
for the financial year ended 31 December 2023

N LEASES – THE GROUP AND THE COMPANY AS LESSEE (CONTINUED)

LEASE LIABILITIES (CONTINUED)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, an incremental borrowing rate is used in determining the discount rate which assumes the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented under net interest income in the statement of income.

SHORT TERM LEASES AND LEASES OF LOW VALUE ASSETS

The Group elects to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise IT equipment and small items of office furniture with value of RM20,000 (or equivalent to USD5,000) or below. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

O LEASES – THE GROUP AND THE COMPANY AS LESSOR

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(A) FINANCE LEASE

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment. In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(B) OPERATING LEASE

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term. When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

P BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate except for assets/liabilities that are classified as Level 3 fair value hierarchy. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of income.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the fair value of derivatives in the statement of income immediately.

The Group designates certain derivatives to manage its exposure to foreign currency and interest rate risks. The instruments used included interest rate swap, cross currency interest rate swap and currency swap.

The Group documents at the inception of the hedging transaction, the risk management objective and strategy and the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 9.

(A) FAIR VALUE HEDGE

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the statement of income over the period to maturity based on recalculated effective interest rate method. The adjustment to the carrying amount of a hedged equity security remains as part of the carrying amount until the disposal of the equity security.

(B) CASH FLOW HEDGE

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in equity. The gain and loss relating to ineffective portion is recognised immediately in the statement of income. Amounts accumulated in equity are recycled to the statement of income in the periods in which the hedged item will affect the statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income. The Group assesses the recoverability of the balance in one or more future periods when the cash flow hedge reserve is in a loss position.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

(C) NET INVESTMENT HEDGE

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. When forward contracts are used to hedge net investment in foreign operation, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income. The change in the forward element of the contract that relates to the hedged item is recognised in other comprehensive income and accumulated in costs of hedging reserve within equity.

Gains and losses accumulated in the equity are recycled to the statement of income when the foreign operation is partially disposed or sold. The Group assesses the recoverability of the balance in one or more future periods when the net investment hedge reserve is in a loss position.

INTERBANK OFFERED RATES

Interbank offered rates (IBORs), such as the London Interbank Offered Rate (LIBOR), play a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments.

In recent years, regulators, central banks and market participants have been working towards a transition to alternative risk-free benchmark reference rates (RFRs) and market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates, which are gradually being adopted in replacement of IBORs.

In response to the uncertainty about the long-term viability of these benchmark rates, and LIBOR in particular, the International Accounting Standards Board (IASB) has established a project to consider the financial reporting implications of the reform. The transition from IBORs is expected to have an impact on various elements of financial instrument accounting, including hedge accounting, as well as fair value methodologies and disclosures.

BNM has announced the launch of the Malaysia Overnight Rate (MYOR) as the new alternative risk-free benchmark reference rates (RFRs) for Malaysia and the MYOR will run in parallel to the existing Kuala Lumpur Interbank Offered Rate (KLIBOR) with periodic reviews to ensure that the financial benchmark rates remain robust and reflective of an active underlying market. The Group has discontinued the publication of the 2- and 12-month KLIBOR tenors, which are the least referenced rates in the market for financial contracts, on 1 January 2023. The remaining one-, three- and six-month KLIBOR tenors, will continue to reflect an active underlying market.

IMPACT OF IBOR REFORM ON GROUP'S HEDGING RELATIONSHIP

The Group has hedge accounted relationships referencing IBORs, with the most significant interest rate benchmarks to which the Group's hedging relationships are exposed to is MYR KLIBOR.

The Group's risk exposures that is directly affected by the interest rate benchmark reform is the fair value hedge of the following financial instruments. These hedging relationships are designated using interest rate swaps, for changes attributable to MYR KLIBOR and HKD HIBOR that are respective current benchmark interest rate. Additional information about the Group's exposure to IBOR reform is presented in Note 9.

Hedged items	The Group 2023	2022
Fixed rate liabilities	MYR8,825,000,000	MYR6,925,000,000
Fixed rate senior bonds	MYR3,384,000,000	HKD1,578,000,000 MYR2,458,400,000 USD20,000,000
Fixed rate financial investments at fair value through other comprehensive income	MYR11,510,000,000 HKD200,000,000	MYR10,516,800,000 SGD87,500,000 USD189,800,000
Fixed rate financial investments at amortised cost	MYR50,000,000	MYR50,000,000
Fixed rate loans	MYR1,329,000,000	MYR1,329,000,000 SGD100,000,000 USD11,908,000

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

(C) NET INVESTMENT HEDGE (CONTINUED)

IMPACT OF IBOR REFORM ON GROUP'S HEDGING RELATIONSHIP (CONTINUED)

At 31 December 2022, the Group also applied cash flow hedge to the following financial instruments and it has designated the swap in a cash flow hedge of the variability in cash flows of the loan, due to changes in USD LIBOR that is the current benchmark interest rate. With the cessation of the USD LIBOR as of 30 June 2023, this transition has been completed.

Cash flow hedge	**2022**
Hedged items	**The Group**
Floating rate loans	USD275,224,000
Floating rate bills and acceptances	USD109,000,000

The Group will continue to record any ongoing hedge ineffectiveness, including that generated by changes as a result of interest rate reform, within the Income Statement. One of the source of ineffectiveness would be due to the IBOR reform takes effect at a different time and have a different impact on the hedged items and hedging instruments.

MANAGING THE PROCESS TO TRANSITION

The Group has established a steering committee to oversee the Group's IBORs transition plan. This steering committee has put in place a transition project includes the assessment and actions necessary to accommodate the transition to RFRs as they apply internal process and systems in pricing, risk management, and valuation models, as well as managing related tax and accounting implications. The Group is continuing to monitor market developments in relation to the transition to RFRs from IBOR rates and their impact on the Group's financial assets and liabilities to ensure that there are no unexpected consequences or disruption from the transition.

The Group adopted the Phase 2 amendments and applied the practical expedient to update the effective interest rate for instruments measured at amortised cost to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ('IBOR') reform. As a result, no immediate gain or loss is recognised in profit or loss.

The amendments also provide reliefs that enable and require the Group to continue the MFRS 9 hedge accounting in circumstances when the Group updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

With the cessation of the USD LIBOR and SGD SOR as of 30 June 2023, this transition has been broadly completed.

HEDGE RELATIONSHIPS

Since 2021, the Group has adopted the hedge accounting reliefs provided by 'phase 2' of the amendments for hedge designation. When the phase 1 amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of these changes:

(i) Designate an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;

(ii) Amend the description of the hedged item, including the description of the designated portion of the fair value being hedged; or

(iii) Amend the description of the hedging instrument. The Group will update its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made.

These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships. The Group has not made any amendments to its hedge documentation in the reporting period relating to IBOR reform.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

HEDGE RELATIONSHIPS (CONTINUED)

Since 2021, changes required to systems, processes and models have been identified and fully implemented. The Group has identified that the areas of most significant risk arising from the replacement of LIBORs are: updating systems and processes which capture LIBORs referenced contracts; amendments to those contracts, or existing fallback/transition clauses not operating as anticipated; mismatches in timing of derivatives and loans transitioning from LIBORs and the resulting impact on economic risk management; and updating hedge designations. The Group continues to engage with industry participants and the regulator authorities, to ensure an orderly transition to RFRs and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with LIBORs replacement.

FINANCIAL INSTRUMENTS MEASURED USING AMORTISED COST MEASUREMENT

'Phase 2' of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change).

Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes are accounted for in the normal way (that assessed for modification or derecognition, with the resulting modification gain/loss recognised immediately in profit or loss where the instrument is not derecognised).

Since 2021, the Group has applied the practical expedients offered under 'phase 2' of the amendments on the financial instruments in the following section.

EFFECT OF IBOR REFORM

The following tables contain details of all financial instruments that the Group held at 31 December 2023 and 31 December 2022 which are referenced to USD LIBOR and MYR KLIBOR have not yet transitioned to alternative benchmark rates.

	The Group Notional amount of which: Have yet to transition to an alternative benchmark rate as at 31 December 2023	
	MYR KLIBOR	
	Asset RM'000	Liability RM'000
Non-derivatives assets and liabilities		
Bonds/Sukuk and notes	**260,000**	**6,468,590**
Deposit from customers	**1,085**	**1,726,949**
Loans/financing	**3,115,184**	**–**
Other assets	**–**	**160,021**
Derivatives	**86,930,270**	**75,176,548**

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

EFFECT OF IBOR REFORM (CONTINUED)

The following tables contain details of all financial instruments that the Group held at 31 December 2023 and 31 December 2022 which are referenced to USD LIBOR and MYR KLIBOR have not yet transitioned to alternative benchmark rates. (Continued)

	The Group			
	Notional amount of which: Have yet to transition to an alternative benchmark rate as at 31 December 2022			
	USD LIBOR		MYR KLIBOR	
	Asset RM'000	Liability RM'000	Asset RM'000	Liability RM'000
Non-derivatives assets and liabilities				
Bonds/Sukuk and notes	545,043	3,591,429	625,000	6,627,220
Deposit from customers	–	22,003	1,504	1,747,801
Loans/financing	7,509,618	–	3,790,720	–
Other assets	175,620	–	–	160,020
Other liabilities	–	478,565	–	–
Derivatives	51,288,110	54,476,592	75,986,197	63,272,416

R CURRENCY TRANSLATIONS

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(B) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in statement of income, and other changes in the carrying amount are recognised in equity.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in the revaluation reserve of equity instruments at fair value through other comprehensive income.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

R CURRENCY TRANSLATIONS (CONTINUED)

(C) GROUP COMPANIES

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statements of financial position;
- income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

S INCOME AND DEFERRED TAXES

The tax expense for the financial year comprises current and deferred income tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, except for; where both an asset and a liability are recognised at the same time such as leases.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to the fair value re-measurement of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

S INCOME AND DEFERRED TAXES (CONTINUED)

In order to support the Government's initiative to assist parties affected by the pandemic, the Finance Act 2021 has introduced a special one-off tax for year of assessment ('YA') 2022 which is called "Cukai Makmur" be imposed on non-Micro, Small and Medium Enterprises companies which generate high profits during the period of the pandemic. Chargeable income in excess of RM100.0 million will be charged an income tax rate of 33% for YA 2022.

The Group is within the scope of the OECD's Pillar Two model rules. The disclosures in relation to the OECD Pillar Two have been included in Note 45.

T SHARE CAPITAL

(A) CLASSIFICATION

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the contractual arrangement of the particular instrument.

(B) SHARE ISSUE COSTS

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(C) DIVIDENDS

Dividends on ordinary shares and non-redeemable preference shares with discretionary dividends are recognised as a liability when the shareholders' right to receive the dividend is established. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(D) REPURCHASE, DISPOSAL AND REISSUE OF SHARE CAPITAL (TREASURY SHARES)

Where any company within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(E) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group and the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(F) DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

U EMPLOYEE BENEFITS

(A) SHORT-TERM EMPLOYEE BENEFITS

The Group and the Company recognise a liability and an expense for bonuses. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

(B) POST EMPLOYMENT BENEFITS

The Group and the Company have various post employment benefit schemes. These benefits plans are either defined contribution or defined benefit plans.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to defined contribution plans are charged to the statement of income. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

DEFINED BENEFIT PLANS

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost.

The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The defined benefit obligation, calculated using the projected credit unit method, is determined by independent actuaries, by discounting estimated future cash outflows using market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

(C) OTHER LONG TERM EMPLOYEE BENEFITS

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the services by the employees concerned using a basis similar to that for defined benefit plans for the liability which is not expected to be settled within 12 months, except that remeasurements are recognised immediately in profit or loss.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

U EMPLOYEE BENEFITS (CONTINUED)

(D) TERMINATION BENEFITS

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(E) SHARE-BASED COMPENSATION BENEFITS

LONG TERM INCENTIVE PLAN ("LTIP")

The Group implements a Long Term Incentive Plan (LTIP), which is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme (ESOS) and the Share Grant Plan (SGP). Details of the key features of ESOS and SGP are set out in Note 49.

The fair value of the employee services received in exchange for the grant of the share options and shares is recognised as an expense in the statements of income over the vesting periods of the grant with a corresponding increase to share-based payment reserve within equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options and shares that are expected to vest. At each reporting date, the Group revises its estimates of the number of share options and shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statements of income, with a corresponding adjustment to share-based payment reserve in equity.

EMPLOYEE OWNERSHIP PLAN ("EOP")

The Group operates an equity-settled, share-based compensation plan, where ordinary shares of the Company are purchased from the market at market value and awarded to the eligible executive employees.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the award is fully released to relevant employees ('the final release date'). The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense in statement of income over the period of release, based on the best available estimate of the number of shares expected to be released at each of the relevant release date. On the final release date, the estimate will be revised to equal the actual number of shares that are ultimately released to the employees.

V IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statements of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

W FORECLOSED ASSETS

Foreclosed assets are stated at the lower of carrying amount and fair value less costs to sell and reported within "Other Assets".

X PROVISIONS

Provisions are recognised by the Group and the Company when all of the following conditions have been met:

(i) the Group and the Company have a present legal or constructive obligation as a result of past events;

(ii) it is probable that an outflow of resources to settle the obligation will be required; and

(iii) a reliable estimate of the amount of obligation can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Y FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group and the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the Financial Statements at fair value on the date the guarantee was given. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Subsequent to initial recognition, financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

Any increase in the liability relating to guarantees is reported in the statement of income within ECL for commitments and contingencies.

Z CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, bank balances and deposit placements with original maturity of three months or less.

Summary of Material Group Accounting Policies

for the financial year ended 31 December 2023

AA SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision-maker.

Intra-segment revenue and costs are eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance.

AB CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's Financial Statements but disclosed where inflows of economic benefits are probable, but not virtually certain.

Contingent liabilities, which do not include financial guarantee contracts, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote.

AC NON-CURRENT ASSETS/DISPOSAL GROUPS HELD FOR SALE

Non-current assets/disposal groups are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

AD TRUST ACTIVITIES

The Group acts as trustees and in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the Financial Statements, as they are not assets of the Group.

AE FINANCING ASSISTANCE SCHEME

Financing under a government scheme is recognised and measured in accordance with MFRS 9 Financial Instruments, with the benefit at a below market and concession rate measured as the difference between the initial carrying amount or fair value of the financing and the amount received.

The benefit of government schemes that addresses identified costs or expenses incurred by the Group is recognised in the profit or loss in the same financial period when the cost or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance.

Notes to the Financial Statements

for the financial year ended 31 December 2023

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the significant subsidiaries as set out in Note 14 to the Financial Statements, consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominee services, property ownership and management and the provision of other related financial services. There was no significant change in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

2 CASH AND SHORT-TERM FUNDS

		The Group		The Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash and balances with banks and other financial institutions		**10,027,612**	10,805,507	**2,392**	122,716
Money at call and deposit placements maturing within one month		**24,748,184**	33,205,881	**361,299**	351,543
		34,775,796	44,011,388	**363,691**	474,259
Less: Expected credit losses	4(a)	**(3,326)**	(2,528)	**–**	–
		34,772,470	44,008,860	**363,691**	474,259

Included in the Group's cash and short-term funds are:

(a) The Group's unutilised value of contactless smart cards and amounts due to service providers for value utilised of RM254,417,000 (2022: RM257,322,000);

(b) Balances with other financial institutions amounting to RM586,193,000 are not available for use in the Group's day-to-day operations because of the legal restriction in foreign jurisdiction.

3 REVERSE REPURCHASE AGREEMENTS/REVERSE COLLATERALISED COMMODITY MURABAHAH

	The Group	
	2023 RM'000	**2022 RM'000**
Reverse repurchase agreements		
– at amortised cost	**9,560,402**	9,751,262
– at fair value through profit or loss	**147,290**	–
	9,707,692	9,751,262

Notes to the Financial Statements

for the financial year ended 31 December 2023

4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

		The Group	
	Note	2023 RM'000	2022 RM'000
Licensed banks		**2,696,846**	2,685,829
Licensed investment banks		**396,338**	344,000
Bank Negara Malaysia and other central banks		**35,814**	18,854
Other financial institutions		**80,745**	50,160
		3,209,743	3,098,843
Less: Expected credit losses	4(a)	**(2,125)**	(2,361)
		3,207,618	3,096,482

Included in deposits and placements with banks and other financial institutions are the Group's unutilised value of contactless smart cards and amounts due to service providers for value utilised of RM574,189,000 (2022: RM428,163,000).

4(A) EXPECTED CREDIT LOSSES MOVEMENT

Expected credit losses movement for money at call and deposits and placements with banks and other financial institutions:

	The Group			
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**2,361**	**–**	**2,528**	**4,889**
Total charge to Statement of Income:	**425**	**–**	**–**	**425**
New financial assets originated	**1,553**	**–**	**–**	**1,553**
Financial assets that have been derecognised	**(58)**	**–**	**–**	**(58)**
Change in credit risk	**(1,070)**	**–**	**–**	**(1,070)**
Exchange fluctuation	**24**	**–**	**113**	**137**
At 31 December 2023	**2,810**	**–**	**2,641**	**5,451**
At 1 January 2022	2,046	–	2,401	4,447
Total charge to Statement of Income:	137	–	–	137
New financial assets originated	1,085	–	–	1,085
Financial assets that have been derecognised	(294)	–	–	(294)
Change in credit risk	(654)	–	–	(654)
Exchange fluctuation	178	–	127	305
At 31 December 2022	2,361	–	2,528	4,889

As at 31 December 2023, the gross exposures of money at call that are credit impaired is RM2,641,000 (2022: RM2,528,000).

Notes to the Financial Statements

for the financial year ended 31 December 2023

5 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2023 RM'000	**2022 RM'000**
Money market instruments:		
Unquoted		
Malaysian Government Securities	**3,047,851**	3,141,965
Cagamas bonds	**1,044,976**	1,021,901
Khazanah bonds	**1,984**	1,987
Malaysian Government treasury bills	**983,420**	1,265,864
Bank Negara Malaysia monetary notes	**3,331,862**	1,094,640
Negotiable instruments of deposit	**2,398,255**	193,586
Other Government securities	**9,287,751**	3,022,373
Government Investment Issues	**1,937,431**	3,080,842
Other Government treasury bills	**8,927,008**	10,370,577
Commercial papers	**992,374**	24,753
Promissory Notes	**308,890**	295,529
	32,261,802	23,514,017
Quoted securities:		
In Malaysia:		
Shares	**1,387,604**	988,048
Outside Malaysia:		
Shares	**493,527**	352,026
	1,881,131	1,340,074
Unquoted securities:		
In Malaysia:		
Corporate bond and Sukuk	**5,102,515**	3,103,138
Shares	**1,080,541**	1,054,046
Unit trusts	**57,503**	93,128
Outside Malaysia:		
Corporate bond	**3,150,460**	1,535,979
Shares	**5,683**	3,385
Private equity funds	**87,410**	139,499
Other Government bonds	**4,978,622**	2,416,997
Bank Indonesia certificates	**17,064**	–
	14,479,798	8,346,172
	48,622,731	33,200,263

Notes to the Financial Statements
for the financial year ended 31 December 2023

6 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fair value				
Money market instruments:				
Unquoted				
Malaysian Government Securities	**6,160,916**	5,107,076	**–**	–
Cagamas bonds	**305,441**	396,349	**–**	–
Negotiable instruments of deposit	**656,664**	232,584	**–**	–
Other Government securities	**7,756,927**	7,618,254	**–**	–
Government investment Issues	**8,149,438**	6,427,540	**–**	–
Other Government treasury bills	**58,434**	140,102	**–**	–
	23,087,820	19,921,905	**–**	–
Unquoted securities:				
In Malaysia:				
Corporate bond and Sukuk	**22,881,720**	20,139,108	**1,144,797**	1,737,110
Outside Malaysia:				
Corporate bond and Sukuk	**14,468,777**	9,618,028	**–**	–
Bank Indonesia certificates	**66,968**	–	**–**	–
Other Government bonds	**10,912,013**	8,696,620	**–**	–
	48,329,478	38,453,756	**1,144,797**	1,737,110
	71,417,298	58,375,661	**1,144,797**	1,737,110

Securities and money market instruments amounting to RM6,654 million (2022: RM5,403 million) invested by asset management companies on behalf of the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2023

6 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Expected credit losses movement for debt instruments at fair value through other comprehensive income:

The carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. The loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

	The Group			
	12-month expected credit losses (Stage 1) RM'000	**Lifetime expected credit losses – not credit impaired (Stage 2) RM'000**	**Lifetime expected credit losses – credit impaired (Stage 3) RM'000**	**Total RM'000**
At 1 January 2023	**39,988**	**1,229**	**–**	**41,217**
Changes in expected credit losses due to transfer within stages:	**(32)**	**32**	**–**	**–**
Transferred to Stage 2	**(32)**	**32**	**–**	**–**
Total charge to Statement of Income:	**20,356**	**(514)**	**–**	**19,842**
New financial assets purchased	**78,898**	**–**	**–**	**78,898**
Financial assets that have been derecognised	**(22,536)**	**(33)**	**–**	**(22,569)**
Change in credit risk	**(36,006)**	**(481)**	**–**	**(36,487)**
Exchange fluctuation	**2,417**	**1**	**–**	**2,418**
At 31 December 2023	**62,729**	**748**	**–**	**63,477**
At 1 January 2022	41,798	1,748	20,849	64,395
Changes in expected credit losses due to transfer within stages:	(54)	54	–	–
Transferred to Stage 1	116	(116)	–	–
Transferred to Stage 2	(170)	170	–	–
Total charge to Statement of Income:	(3,645)	(574)	(20,849)	(25,068)
New financial assets purchased	29,665	–	–	29,665
Financial assets that have been derecognised	(5,712)	(7)	–	(5,719)
Writeback in respect of full recoveries	–	–	(20,849)	(20,849)
Change in credit risk	(27,598)	(567)	–	(28,165)
Exchange fluctuation	1,889	1	–	1,890
At 31 December 2022	39,988	1,229	–	41,217

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for the financial year ended 31 December 2023

6 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Expected credit losses movement for debt instruments at fair value through other comprehensive income: (Continued)

	The Company			
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**11,472**	**–**	**–**	**11,472**
Total charge to Statement of Income:	**(3,793)**	**–**	**–**	**(3,793)**
New financial assets purchased	**2,624**	**–**	**–**	**2,624**
Financial assets that have been derecognised	**(6,805)**	**–**	**–**	**(6,805)**
Change in credit risk	**388**	**–**	**–**	**388**
At 31 December 2023	**7,679**	**–**	**–**	**7,679**
At 1 January 2022	12,328	–	–	12,328
Total charge to Statement of Income:	(856)	–	–	(856)
Change in credit risk	(856)	–	–	(856)
At 31 December 2022	11,472	–	–	11,472

Gross carrying amount movement for debt instruments at fair value through other comprehensive income:

	The Group	
	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023/31 December 2023	**–**	**–**
At 1 January 2022	20,849	20,849
Amount recovered	(20,849)	(20,849)
At 31 December 2022	–	–

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for the financial year ended 31 December 2023

6 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

IMPACT OF MOVEMENTS IN GROSS CARRYING AMOUNT ON EXPECTED CREDIT LOSSES

2023:

Stage 1 expected credit losses ("ECL") increased by RM22 million for the Group during the financial year, mainly due to new financial assets purchased, offset by the change in credit risk and derecognition of financial assets.

2022:

Stage 1 expected credit losses ("ECL") decreased by RM2 million for the Group during the financial year, mainly due to change in credit risk and derecognition of financial assets, offset by the new financial assets purchased.

7 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group	
	2023 RM'000	**2022 RM'000**
Quoted securities		
In Malaysia		
Shares	**28,272**	22,264
Outside Malaysia		
Shares	**1,718**	1,860
	29,990	24,124
Unquoted securities		
In Malaysia		
Shares	**269,240**	265,578
Property funds	**189**	189
Outside Malaysia		
Shares	**6,752**	10,705
Private equity funds	**–**	73
	276,181	276,545
	306,171	300,669

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7 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Equity instruments at fair value through other comprehensive income comprise of the following individual investments:

		The Group	
	Note	2023 RM'000	2022 RM'000
Quoted securities			
Compact Metal Industries Ltd		**54**	72
Premier Products Limited		**1,664**	1,788
Tune Protect Group Berhad		**28,272**	22,264
		29,990	24,124
Unquoted securities			
Tabung Pemulihan Perumahan Terbengkalai		**92,173**	93,571
Swift		**3,820**	2,383
Financial Park (Labuan) Sdn Bhd		**169,224**	164,323
Global Maritime Ventures Bhd		**3,825**	3,409
Perbadanan Nasional Berhad		**3,687**	3,926
Redcliff Enterprise Overseas Ltd, BVI		**–**	73
Others	(a)	**3,452**	8,860
		276,181	276,545
Total		**306,171**	300,669

(a) Included in others are unquoted equity instruments at fair value through other comprehensive income involved mainly in financial institution and manufacturing sectors.

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8 DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Money market instruments:				
Unquoted				
Malaysian Government securities	**11,040,607**	9,262,963	**–**	–
Cagamas bonds	**524,581**	503,023	**–**	–
Other Government treasury bills	**8,019,307**	5,144,798	**–**	–
Other Government securities	**5,193,723**	3,535,311	**–**	–
Malaysian Government investment issue	**19,052,161**	16,658,815	**–**	–
Khazanah bonds	**112,980**	202,027	**–**	–
Commercial papers	**137,081**	–	**–**	–
	44,080,440	35,306,937	**–**	–
Unquoted securities				
In Malaysia				
Corporate bond and Sukuk	**25,045,259**	19,812,585	**8,468,345**	7,864,777
Loan stock	**20,900**	–	**–**	–
Outside Malaysia				
Corporate bond and Sukuk	**4,576,255**	4,208,523	**–**	–
Other Government bonds	**5,445,968**	5,757,420	**–**	–
	35,088,382	29,778,528	**8,468,345**	7,864,777
Total	**79,168,822**	65,085,465	**8,468,345**	7,864,777
Amortisation of premium, net of accretion of discount	**(41,810)**	32,998	**–**	–
Less: Expected credit losses	**(628,817)**	(585,039)	**(56,079)**	(51,376)
	78,498,195	64,533,424	**8,412,266**	7,813,401

Securities and money market instruments amounting to RM1,370 million (2022: RM1,327 million) invested by asset management companies on behalf of the Group.

Included in the debt instruments at amortised cost of the Group and the Bank as at 31 December 2023 are securities set aside as Deferred Net Settlement ("DNS") collateral for Retail Payment Settlement in RENTAS amounting to RM99,613,000. Withdrawal and substitution of DNS Collateral is subject to approval by Bank Negara Malaysia ("BNM") and Payments Network Malaysia Sdn Bhd ("PayNet").

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for the financial year ended 31 December 2023

8 DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

	The Group			
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**5,478**	**4,175**	**575,386**	**585,039**
Changes in expected credit losses due to transfer within stages:	**3,535**	**(3,884)**	**349**	**–**
Transferred to Stage 1	**3,675**	**(3,675)**	**–**	**–**
Transferred to Stage 2	**(140)**	**140**	**–**	**–**
Transferred to Stage 3	**–**	**(349)**	**349**	**–**
Total charge to Statement of Income:	**2,412**	**(310)**	**5,245**	**7,347**
New financial assets purchased	**49,399**	**–**	**–**	**49,399**
Financial assets that have been derecognised	**(24,970)**	**–**	**–**	**(24,970)**
Change in credit risk	**(22,017)**	**(310)**	**5,245**	**(17,082)**
Exchange fluctuation	**268**	**19**	**222**	**509**
Other movements	**–**	**–**	**35,922**	**35,922**
At 31 December 2023	**11,693**	**–**	**617,124**	**628,817**
At 1 January 2022	1,878	31,265	614,102	647,245
Changes in expected credit losses due to transfer within stages:	983	(983)	–	–
Transferred to Stage 1	1,275	(1,275)	–	–
Transferred to Stage 2	(292)	292	–	–
Total charge to Statement of Income:	2,294	(26,093)	(78,158)	(101,957)
New financial assets purchased	12,829	–	–	12,829
Financial assets that have been derecognised	(1,295)	(52)	–	(1,347)
Change in credit risk	(9,240)	(26,041)	(78,158)	(113,439)
Exchange fluctuation	323	(14)	(154)	155
Other movements	–	–	39,596	39,596
At 31 December 2022	5,478	4,175	575,386	585,039

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8 DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost: (Continued)

	The Company			
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**51,376**	**–**	**–**	**51,376**
Total charge to Statement of Income:	**4,703**	**–**	**–**	**4,703**
New financial assets purchased	**8,543**	**–**	**–**	**8,543**
Financial assets that have been derecognised	**(4,730)**	**–**	**–**	**(4,730)**
Change in credit risk	**890**	**–**	**–**	**890**
At 31 December 2023	**56,079**	**–**	**–**	**56,079**
At 1 January 2022	47,967	–	–	47,967
Total charge to Statement of Income:	3,409	–	–	3,409
Change in credit risk	3,409	–	–	3,409
At 31 December 2022	51,376	–	–	51,376

Gross carrying amount movement for debt instruments at amortised cost:

	The Group	
	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**1,318,868**	**1,318,868**
Transfer within stages	**10,480**	**10,480**
Other changes in debt instruments	**122,162**	**122,162**
Exchange fluctuation	**21,199**	**21,199**
At 31 December 2023	**1,472,709**	**1,472,709**
At 1 January 2022	1,231,144	1,231,144
Other changes in debt instruments	63,737	63,737
Exchange fluctuation	23,987	23,987
At 31 December 2022	1,318,868	1,318,868

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for the financial year ended 31 December 2023

8 DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

IMPACT OF MOVEMENTS IN GROSS CARRYING AMOUNT ON EXPECTED CREDIT LOSSES

2023:

Stage 1 ECL increased by RM6 million mainly due to debt instrument migrated from Stage 2 to Stage 1 arising from improvement in credit quality and new financial assets recognised during the year, offset with derecognition of financial assets and change in credit risk.

Stage 2 ECL decreased by RM4 million mainly due to debt instrument migrated from Stage 2 to Stage 1 arising from improvement in credit quality.

Stage 3 ECL increased by RM42 million mainly due to deterioration in credit quality.

2022:

Stage 2 ECL decreased by RM27 million mainly due to derecognition of financial assets during the year, offset by debt instrument migrated from Stage 1 to Stage 2 arising from deterioration in credit quality.

Stage 3 ECL decreased by RM39 million mainly due to improvement in credit quality.

9 DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding as at statements of financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

	The Group		
		Fair values	
2023	**Principal amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
Trading derivatives			
Foreign exchange derivatives			
Currency forwards	**50,626,316**	**359,837**	**(684,430)**
– Less than 1 year	**47,330,261**	**300,088**	**(593,397)**
– 1 year to 3 years	**2,972,833**	**57,733**	**(55,034)**
– More than 3 years	**323,222**	**2,016**	**(35,999)**
Currency swaps	**559,085,294**	**6,421,923**	**(6,749,962)**
– Less than 1 year	**552,751,597**	**6,383,230**	**(6,574,039)**
– 1 year to 3 years	**3,735,849**	**17,494**	**(110,432)**
– More than 3 years	**2,597,848**	**21,199**	**(65,491)**
Currency spots	**6,125,079**	**7,444**	**(10,140)**
– Less than 1 year	**6,125,079**	**7,444**	**(10,140)**
Currency options	**12,639,171**	**123,089**	**(114,188)**
– Less than 1 year	**10,327,411**	**97,553**	**(77,206)**
– 1 year to 3 years	**2,311,760**	**25,536**	**(36,529)**
– More than 3 years	**–**	**–**	**(453)**
Cross currency interest rate swaps	**128,029,706**	**3,046,928**	**(3,819,403)**
– Less than 1 year	**52,841,507**	**1,025,705**	**(1,534,611)**
– 1 year to 3 years	**40,522,002**	**1,041,485**	**(1,231,886)**
– More than 3 years	**34,666,197**	**979,738**	**(1,052,906)**
	756,505,566	**9,959,221**	**(11,378,123)**

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group		
		Fair values	
2023	**Principal amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
Trading derivatives (Continued)			
Interest rate derivatives			
Interest rate swaps	674,668,281	4,235,296	(3,595,331)
– Less than 1 year	323,923,924	481,840	(495,428)
– 1 year to 3 years	163,239,532	1,060,039	(942,168)
– More than 3 years	187,504,825	2,693,417	(2,157,735)
Interest rate futures	8,414,036	1,395	(38,808)
– Less than 1 year	7,840,485	1,395	(38,602)
– 1 year to 3 years	573,551	–	(206)
Interest rate options	452,248	4,521	(725)
– Less than 1 year	385,325	4,009	(725)
– 1 year to 3 years	66,923	512	–
	683,534,565	4,241,212	(3,634,864)
Equity related derivatives			
Equity futures	57,527	–	(229)
– Less than 1 year	57,527	–	(229)
Equity options	3,486,724	128,016	(244,574)
– Less than 1 year	3,021,339	115,971	(237,772)
– 1 year to 3 years	368,712	11,377	(6,134)
– More than 3 years	96,673	668	(668)
Equity swaps	505,755	26,771	(9,465)
– Less than 1 year	242,648	10,661	(6,127)
– 1 year to 3 years	263,107	16,110	(3,338)
	4,050,006	154,787	(254,268)
Commodity related derivatives			
Commodity options	2,115,795	21,979	(20,367)
– Less than 1 year	2,115,795	21,979	(20,367)
Commodity swaps	937,459	23,563	(23,846)
– Less than 1 year	924,448	22,734	(23,302)
– 1 year to 3 years	13,011	829	(544)
Commodity futures	152,835	1,319	(3,859)
– Less than 1 year	139,897	1,289	(3,602)
– 1 year to 3 years	12,938	30	(257)
	3,206,089	46,861	(48,072)
Credit related contracts			
Credit default swaps	2,756,315	18,738	(15,765)
– Less than 1 year	137,912	453	(217)
– 1 year to 3 years	1,701,844	12,922	(10,442)
– More than 3 years	916,559	5,363	(5,106)
Total return swaps	19,900	–	(610)
– 1 year to 3 years	19,900	–	(610)
	2,776,215	18,738	(16,375)
Bond contracts			
Bond forward	6,475,266	265,156	(104,143)
– Less than 1 year	2,510,294	119,109	(43,704)
– 1 year to 3 years	2,463,716	109,358	(33,236)
– More than 3 years	1,501,256	36,689	(27,203)

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group		
		Fair values	
2023	**Principal amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
Hedging derivatives			
Interest rate swaps	**41,837,504**	**629,049**	**(433,536)**
– Less than 1 year	**7,097,386**	**52,760**	**(13,773)**
– 1 year to 3 years	**12,430,851**	**160,940**	**(76,999)**
– More than 3 years	**22,309,267**	**415,349**	**(342,764)**
Currency swaps	**8,891,777**	**133,606**	**(128,129)**
– Less than 1 year	**8,891,777**	**133,606**	**(128,129)**
Cross currency interest rate swaps	**5,363,739**	**196,265**	**(79,709)**
– Less than 1 year	**1,737,768**	**78,277**	**(26,526)**
– 1 year to 3 years	**2,477,494**	**91,731**	**(51,666)**
– More than 3 years	**1,148,477**	**26,257**	**(1,517)**
	56,093,020	**958,920**	**(641,374)**
Total derivative assets/(liabilities)	**1,512,640,727**	**15,644,895**	**(16,077,219)**

	The Group		
		Fair values	
2022	**Principal amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
Trading derivatives			
Foreign exchange derivatives			
Currency forwards	48,694,551	368,281	(1,019,865)
– Less than 1 year	44,708,456	281,464	(923,450)
– 1 year to 3 years	3,111,231	55,382	(60,457)
– More than 3 years	874,864	31,435	(35,958)
Currency swaps	435,187,275	7,617,122	(7,532,870)
– Less than 1 year	428,871,925	7,583,733	(7,259,719)
– 1 year to 3 years	3,259,077	27,446	(103,433)
– More than 3 years	3,056,273	5,943	(169,718)
Currency spots	5,379,541	12,683	(11,524)
– Less than 1 year	5,379,541	12,683	(11,524)
Currency options	10,445,744	113,495	(107,449)
– Less than 1 year	6,686,813	58,255	(55,832)
– 1 year to 3 years	2,035,617	36,964	(34,694)
– More than 3 years	1,723,314	18,276	(16,923)
Cross currency interest rate swaps	105,351,157	3,159,323	(3,583,947)
– Less than 1 year	29,007,703	698,777	(896,998)
– 1 year to 3 years	40,916,752	1,219,193	(1,391,635)
– More than 3 years	35,426,702	1,241,353	(1,295,314)
	605,058,268	11,270,904	(12,255,655)

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group		
		Fair values	
2022	**Principal amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
Trading derivatives (Continued)			
Interest rate derivatives			
Interest rate swaps	564,413,013	5,086,564	(4,290,392)
– Less than 1 year	275,857,945	539,288	(530,380)
– 1 year to 3 years	147,121,574	1,360,983	(1,084,930)
– More than 3 years	141,433,494	3,186,293	(2,675,082)
Interest rate futures	1,172,683	9,827	(1,911)
– Less than 1 year	1,172,683	9,827	(1,911)
Interest rate options	363,623	6,617	(1,621)
– 1 year to 3 years	363,623	6,617	(1,621)
	565,949,319	5,103,008	(4,293,924)
Equity related derivatives			
Equity futures	2,986	2	(20)
– Less than 1 year	2,986	2	(20)
Equity options	2,603,830	113,091	(166,414)
– Less than 1 year	2,150,148	101,450	(162,852)
– 1 year to 3 years	360,385	11,072	(3,348)
– More than 3 years	93,297	569	(214)
Equity swaps	446,653	16,891	(21,206)
– Less than 1 year	161,018	7,775	(1,476)
– 1 year to 3 years	285,635	9,116	(19,730)
	3,053,469	129,984	(187,640)
Commodity related derivatives			
Commodity options	330,903	2,956	(4,174)
– Less than 1 year	330,903	2,956	(4,174)
Commodity swaps	822,386	24,374	(23,182)
– Less than 1 year	822,386	24,374	(23,182)
Commodity futures	93,052	2,477	(1,006)
– Less than 1 year	93,052	2,477	(1,006)
	1,246,341	29,807	(28,362)
Credit related contracts			
Credit default swaps	2,493,237	20,571	(15,135)
– Less than 1 year	12,642	246	–
– 1 year to 3 years	1,011,983	9,128	(2,229)
– More than 3 years	1,468,612	11,197	(12,906)
Total return swaps	20,200	–	(477)
– More than 3 years	20,200	–	(477)
	2,513,437	20,571	(15,612)
Bond contracts			
Bond forward	2,781,813	299,346	(30,676)
– Less than 1 year	882,451	71,035	(15,526)
– 1 year to 3 years	1,529,310	198,034	(11,690)
– More than 3 years	370,052	30,277	(3,460)

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group		
		Fair values	
2022	Principal amount RM'000	Assets RM'000	Liabilities RM'000
Hedging derivatives			
Interest rate swaps	36,228,517	900,845	(390,416)
– Less than 1 year	4,439,055	14,059	(18,138)
– 1 year to 3 years	11,690,612	132,801	(100,946)
– More than 3 years	20,098,850	753,985	(271,332)
Currency swaps	7,358,750	101,806	(158,669)
– Less than 1 year	7,358,750	101,806	(158,669)
Cross currency interest rate swaps	3,405,249	215,887	(99,579)
– Less than 1 year	441,209	45,650	(2,188)
– 1 year to 3 years	1,487,628	77,912	(51,846)
– More than 3 years	1,476,412	92,325	(45,545)
	46,992,516	1,218,538	(648,664)
Total derivative assets/(liabilities)	1,227,595,163	18,072,158	(17,460,533)

(I) FAIR VALUE HEDGES

The Group uses interest rate swaps to hedge its exposure to changes in the fair value of loans, subordinated obligations, negotiable instruments of deposits issued, bills and acceptance payables and bonds in respect of benchmark interest rate.

The Group uses cross currency interest rate swap to hedge foreign currency risk from the issuance of senior bond and debentures issued denominated in foreign currencies. The foreign currency risk component is managed and mitigated by the use of cross currency swaps, which exchange fixed interest payments in foreign currencies for floating interest payment in MYR.

The Group's hedge accounting policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. The hedge effectiveness is assessed by comparing changes in the fair value of the hedged items attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps and cross currency interest rate swaps.

The Group establishes the hedge ratio by matching the notional of the derivatives with the principal of the underlying being hedged. Ineffectiveness is recognised on hedge where the change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of the above interest rate risk, this may arise if differences arise between the credit risk inherent within the hedged item and the hedging instrument. The Group uses collateral/credit enhancement to mitigate the risk. However, the remaining risk can result in hedge ineffectiveness.

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(I) FAIR VALUE HEDGES (CONTINUED)

The main source of ineffectiveness that are expected to affect the hedging relationship during the financial year are:

- The effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap and cross currency swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate; and
- Differences in maturities and reset dates of the interest rate swaps and the fixed rate bonds or liabilities.

(II) CASH FLOWS HEDGE

The Group used interest rate swaps and cross currency swaps to hedge interest rate risk in respect of benchmark interest rate and foreign currency risks of loans, advances and financing, bonds and debentures, deposits and placement of bank and other financial institutions, other borrowings, subordinated obligations and bills and acceptances payable denominated in foreign currencies. The interest rate risk and foreign currency risk component are managed and mitigated by the use of hedging instruments, which exchange floating rate payments for fixed rate payments (interest rate risk) and exchange floating rate payments for floating rate payments (foreign currency risks) in functional currency.

The effectiveness is assessed by comparing the changes in fair value of the interest rate swap and cross currency swap with changes in fair value of the hedged item attributable to the hedged risk using the hypothetical derivative method.

The Group established the hedging ratio by matching the notional of the derivative with the principal of the hedged item. Possible sources of ineffectiveness are as follow:

- Differences in timing of cash flows between hedged item, interest rate swaps and cross currency swaps,
- Hedging derivatives with non-zero fair value at the inception as a hedging instrument and
- Counterparty credit risk which impacts the fair value of interest rate swaps and cross currency swaps but not the hedged items.

(III) NET INVESTMENT HEDGE

The Group uses non-derivative financial liability and currency swaps to hedge the foreign exchange rate exposure arising from net investment in foreign operations that have a different functional currency from the Group. The Group has investment in foreign operations which is consolidated in its financial statements and whose functional currencies are GBP, HKD, SGD and USD.

The foreign exchange risk arises from the fluctuation in spot exchange rates between the functional currency of the foreign operations and the Group's functional currency. The hedged risk is the risk of weakening foreign currencies against MYR that will result in reduction in the carrying amount of the Group's net investment in foreign operations. The foreign currency risk component is determined as the change in the carrying amount of net assets of the foreign operations arising solely from changes in spot foreign currency exchange rates.

The Group assesses effectiveness by comparing changes in the carrying amount of the non- derivative financial liability that attributable to a change in the spot rate (the offset method). The Group only designates the spot element of the forward foreign exchange contract. Changes in the fair value of the hedging instrument attributable to changes in forward points and the effect of discounting are recognised in other comprehensive income which does not included in the hedge effectiveness assessment.

The Group establishes the hedging ratio by matching the notional of the forward contracts with the designated net assets of the foreign operation. There is no ineffectiveness arises from hedge of net investment in foreign operations.

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group uses the following items as hedging instruments:

			The Group				
			Maturity				
31 December 2023	**Risk**	**Hedge type**	**Less than 1 month**	**1-3 months**	**More than 3 months-less than 1 year**	**1-5 years**	**More than 5 years**
Interest rate swaps	Interest rate	Fair value & cash flow hedge	**670,000**	**1,908,002**	**3,826,924**	**26,683,578**	**8,749,000**
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value & cash flow hedge	**-**	**-**	**1,737,768**	**3,511,455**	**114,516**
Deposits and placement of bank and other financial institutions*	Foreign currency	Fair value & net investment hedge	**126,312**	**203,621**	**-**	**-**	**-**
Currency swaps	Foreign currency	Fair value, cash flow & net investment hedge	**2,958,331**	**4,871,709**	**1,061,737**	**-**	**-**
Deposit from customers*	Foreign currency	Net investment hedge	**229,450**	**22,945**	**-**	**-**	**-**

			The Group				
			Maturity				
31 December 2022	**Risk**	**Hedge type**	**Less than 1 month**	**1-3 months**	**More than 3 months-less than 1 year**	**1-5 years**	**More than 5 years**
Interest rate swaps	Interest rate	Fair value & cash flow hedge	46,061	559,181	3,789,501	24,265,098	7,524,364
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value & cash flow hedge	–	441,210	–	2,840,933	123,106
Deposits and placement of bank and other financial institutions*	Foreign currency	Fair value & net investment hedge	309,621	592,686	–	–	–
Currency swaps	Foreign currency	Cash flow & net investment hedge	846,512	3,637,487	2,874,751	–	–
Deposit from customers*	Foreign currency	Net investment hedge	–	175,620	–	–	–

** This is fixed rate borrowing*

The average rate for major currencies of the final exchange of cross currency interest rate swaps and currency swaps designated in hedge accounting relationships is as follows:

	31 December 2023	**31 December 2022**
HKD:MYR	**0.547**	0.536
GBP:MYR	**5.785**	5.130
SGD:MYR	**3.433**	3.173
USD:MYR	**4.406**	4.320
USD:THB	**32.610**	32.696

Notes to the Financial Statements

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The average executed rate for interest rate swaps in hedge accounting relationships for major currencies is as follows:

	31 December 2023	31 December 2022
HKD interest rates	**3.74%**	0.92%
MYR Interest rates	**3.54%**	3.52%
SGD interest rates	**1.47%**	1.27%
USD interest rates	**2.91%**	2.12%
THB interest rates	**2.68%**	2.33%
IDR interest rates	**6.16%**	6.25%
AUD interest rates	**4.05%**	3.22%
EUR interest rates	**2.61%**	0.28%
JPY interest rates	**0.15%**	0.07%
NZD interest rates	**4.41%**	4.41%

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

			The Group							
				Fair values*						
31 December 2023			Nominal amount RM'000	Assets RM'000	Liabilities RM'000	Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Changes in fair value recognised in OCI RM'000	Amount reclassified from hedge reserve to profit or loss*** RM'000	Notional amount directly impacted by IBOR reform RM'000
Interest rate swaps	Interest rate	Fair value & cash flow hedge	**41,837,504**	**629,049**	**(433,536)**	**(148,362)**	**(45,207)**	**(5,796)**	**8,434**	**25,627,909**
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value & cash flow hedge	**5,363,739**	**196,265**	**(79,709)**	**10,471**	**2,800**	**15,341**	**20,542**	**-**
Currency swaps	Foreign currency	Fair value Cash flow & net investment hedge	**8,891,777**	**133,606**	**(128,129)**	**(142,811)**	**-**	**186,538**	**25,826**	**-**
Deposits and placement of bank and other financial institutions	Foreign currency	Fair value & net investment hedge	**329,933**	**-**	**-**	**(56,877)**	**-**	**78,736**	**-**	**-**
Deposit from customers	Foreign currency	Net investment hedge	**252,395**	**-**	**-**	**(73,739)**	**-**	**73,739**	**-**	**-**

Of the RM25,627,909,000 nominal amount of interest rates swaps above, RM117,501,000 related to HKD interest rate swaps before the anticipated HKD HIBOR replacement; RM25,123,000,000 related to MYR interest rate swaps before the anticipated MYR KLIBOR replacement; RM387,408,000 related to IDR interest rate swaps before the anticipated IDR JIBOR replacement.

Notes to the Financial Statements

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows: (Continued)

			The Group							
				Fair values*						
31 December 2022			Nominal amount RM'000	Assets RM'000	Liabilities RM'000	Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Changes in fair value recognised in OCI RM'000	Amount reclassified from hedge reserve to profit or loss*** RM'000	Notional amount directly impacted by IBOR reform RM'000
Interest rate swaps	Interest rate	Fair value & cash flow hedge	36,184,205	900,845	(390,414)	335,305	31,837	2,297	63	21,362,490
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value & cash flow hedge	3,405,249	215,887	(99,579)	(86,376)	(401)	(3,806)	(34,403)	3,405,249
Deposits and placement of bank and other financial institutions	Foreign currency	Fair value & net investment hedge	902,307	-	-	(22,141)	-	26,833	-	-
Currency swaps	Foreign currency	Cash flow & net investment hedge	7,358,750	101,806	(158,669)	(247,740)	-	253,467	(3,674)	-
Bonds and debentures	Foreign currency	Net investment hedge	-	-	-	(11,475)	-	11,475	-	-
Deposit from customers	Foreign currency	Net investment hedge	175,620	-	-	(3,291)	-	3,291	-	-

Of the RM21,362,490,000 nominal amount of interest rates swaps above,
RM19,659,200,000 related to MYR interest rate swaps before the anticipated MYR KLIBOR replacement; RM654,639,000 related to SGD interest rate swaps before the anticipated SGD SOR replacement; RM682,131,000 related to USD interest rate swaps before the anticipated USD LIBOR replacement; RM366,520,000 related to IDR interest rate swaps before the anticipated IDR JIBOR replacement.

Of the RM3,405,249,000 nominal amount of cross currency interest rate swaps above,
RM888,494,000 related to USD/HKD cross currency interest rate swaps before the anticipated USD LIBOR replacement; RM2,516,755,000 related to USD/THB cross currency interest rate swaps before the anticipated USD LIBOR replacement.

In calculating the change in fair value attributable to the hedged risk for the fixed-rate loans and fixed rate bonds, the Group has made the following assumptions that reflect its current expectations:

- The Group has applied the assumptions afforded by IFRS/MFRS 9 6.8 where applicable;
- The Group will cease applying IFRS/MFRS 9 6.8 prospectively when the uncertainty arises from IBOR reform is no longer exist and/or when the hedging relationship discontinued;
- No other changes to the terms of the hedged items are anticipated.

* *All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.*
** *All hedge ineffectiveness are recognised in the "Net non-interest income" in the statement of income.*
*** *All hedge ineffectiveness and reclassification from the "net investment hedge reserve" to profit or loss are recognised in the "Net non-interest income" in the statement of income.*

Notes to the Financial Statements

for the financial year ended 31 December 2023

9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The amounts relating to items designated as hedged items were as follows:

			The Group							
			Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item					
31 December 2023 Hedge Items	**Risk**	**Hedge Type**	**Assets RM'000**	**Liabilities RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Change in fair value used for calculating hedge ineffectiveness RM'000**	**Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses RM'000**	**Hedge reserve RM'000**	**Balance remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000**
Loans, advances and financing	Interest rate & foreign currency	Fair value & cash flow hedge	1,929,447	-	2,867	(62,565)	69,695	-	(12,683)	-
Recourse obligation on loans and financing sold to Cagamas	Interest rate	Fair value hedge	-	(2,320,459)	-	(29,325)	(16,779)	-	-	-
Other borrowings	Interest rate & foreign currency	Cash flow hedge	-	-	-	-	3,562	-	21	-
Subordinated obligations	Interest rate & foreign currency	Fair value & cash flow hedge	-	(8,199,856)	45,116	(22,030)	(76,911)	-	13,209	-
Bonds and debentures	Interest rate & foreign currency	Fair value & cash flow hedge	-	(6,999,580)	188,581	(63,647)	(126,486)	-	2,704	-
Debt instruments at fair value through other comprehensive income	Interest rate	Fair value & cash flow hedge	24,642,558	-	170,363	(336,088)	306,023	(965)	-	762
Debt instruments at amortised cost	Interest rate	Fair value hedge	163,762	-	114	(2,797)	1,213	-	-	-
GBP net investment	Foreign currency	Net investment hedge	-	-	-	-	9,196	-	(6,382)	-
HKD net investment	Foreign currency	Net investment hedge	-	-	-	-	(2,214)	-	(25,809)	-
SGD net investment	Foreign currency	Net investment hedge	-	-	-	-	177,905	-	(526,643)	-
USD net investment	Foreign currency	Net investment hedge	-	-	-	-	154,126	-	(938,345)	(467,272)
Deposits and placement of bank and other financial institutions	Interest rate & foreign currency	Fair value & cash flow hedge	-	(884,790)	7,847	(498)	(36,378)	(498)	-	-
Bills and acceptances payable	Foreign currency	Cash flow hedge	-	(499,294)	-	-	2,338	-	9,657	-

Notes to the Financial Statements

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9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The amounts relating to items designated as hedged items were as follows: (Continued)

			The Group							
			Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses	Hedge reserve	Balance remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied
31 December 2022 Hedge Items	Risk	Hedge Type	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	Interest rate & foreign currency	Fair value & cash flow hedge	2,003,958	-	35	(99,942)	(26,696)	24	(19,286)	-
Recourse obligation on loans and financing sold to Cagamas	Interest rate	Fair value hedge	-	(489,977)	-	(12,546)	26,259	-	-	-
Other liabilities	Interest rate	Fair value hedge	-	(819,009)	3,686	(8)	3,794	-	-	-
Subordinated obligations	Interest rate & foreign currency	Fair value & cash flow hedge	-	(7,995,877)	109,184	(68)	115,442	-	3,887	-
Bonds and debentures	Interest rate & foreign currency	Fair value & cash flow hedge	2,696,836	(5,374,538)	258,226	(13,833)	321,162	-	3,156	-
Debt instruments at fair value through other comprehensive income	Interest rate	Fair value hedge	19,321,455	-	58,898	(678,661)	(701,206)	66	-	-
Debt instruments at amortised cost	Interest rate	Fair value hedge	103,985	-	-	(4,975)	(4,091)	-	-	-
GBP net investment	Foreign currency	Net investment hedge	-	-	-	-	(7,151)	-	2,814	-
HKD net investment	Foreign currency	Net investment hedge	-	-	-	-	-	-	(28,022)	(28,022)
SGD net investment	Foreign currency	Net investment hedge	-	-	-	-	130,275	-	(348,737)	-
USD net investment	Foreign currency	Net investment hedge	-	-	-	-	171,942	-	(1,226,173)	(467,272)
Deposits and placement of bank and other financial institutions	Foreign currency	Cash flow hedge	-	-	-	-	(5,727)	-	-	-
Bills and acceptances payable	Foreign currency	Cash flow hedge	-	(479,236)	-	-	(3,908)	-	6,956	-

Notes to the Financial Statements

for the financial year ended 31 December 2023

9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(IV) RECONCILIATION OF COMPONENTS OF EQUITY

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting:

		The Group	
	Note	**Net investment hedge RM'000**	**Cash flows hedge RM'000**
At 1 January 2023		**(1,428,490)**	**9,147**
Effective portion of changes in fair value:			
– Interest rate risk		**–**	**(5,795)**
– Interest rate/foreign currency risk		**–**	**14,643**
Net loss on hedge of net investment in foreign operations		**(339,013)**	**–**
Cost of hedging		**(38,556)**	**42,062**
Income tax effects		**–**	**54**
Exchange fluctuation		**(307)**	**545**
Disposal of non-current assets held for sale	15(d)	**1,646**	**–**
At 31 December 2023		**(1,804,720)**	**60,656**
At 1 January 2022		(1,153,099)	8,388
Effective portion of changes in fair value:			
– Interest rate risk		–	2,297
– Interest rate/foreign currency risk		–	(3,758)
Net loss on hedge of net investment in foreign operations:		(295,066)	–
Cost of hedging		19,675	447
Income tax effects		–	1,629
Exchange fluctuation		–	144
At 31 December 2022		(1,428,490)	9,147

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10 LOANS, ADVANCES AND FINANCING

(I) BY TYPE:

	The Group	
	2023 RM'000	**2022 RM'000**
At amortised cost		
Overdrafts	**5,123,107**	4,941,495
Term loans/financing		
– Housing loans/financing	**144,429,727**	131,209,391
– Syndicated term loans	**23,669,701**	21,904,930
– Hire purchase receivables	**28,992,061**	26,064,935
– Lease receivables	**349,957**	217,887
– Factoring receivables	**18,678**	193,113
– Other term loans/financing	**166,501,931**	154,908,116
Bills receivable	**6,822,459**	6,761,901
Trust receipts	**1,975,195**	2,683,230
Claims on customers under acceptance credits	**3,933,444**	4,105,031
Staff loans [of which RM11,038,103 (2022: RM2,970,659) are loans to Directors (including Directors of subsidiaries)]	**1,845,786**	1,761,101
Credit card receivables	**10,498,006**	9,334,399
Revolving credits	**46,467,995**	42,813,681
Share margin financing	**19,687**	50,346
Gross loans, advances and financing at amortised cost	**440,647,734**	406,949,556
Fair value changes arising from fair value hedge	**(59,698)**	(99,907)
	440,588,036	406,849,649
Less:		
– Expected credit losses	**(11,412,132)**	(12,400,021)
Net loans, advances and financing at amortised cost	**429,175,904**	394,449,628
At fair value through profit or loss		
Term loans/financing		
– Syndicated term loan	**274,133**	107,552
Gross loans, advances and financing at fair value through profit or loss	**274,133**	107,552
Total net loans, advances and financing	**429,450,037**	394,557,180
Total gross loans, advances and financing:		
– At amortised cost	**440,647,734**	406,949,556
– At fair value through profit or loss	**274,133**	107,552
	440,921,867	407,057,108

Notes to the Financial Statements

for the financial year ended 31 December 2023

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(I) BY TYPE: (CONTINUED)

(a) Included in the Group's loans, advances and financing balances are RM17,810,000 (2022: RM21,919,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and was done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group has undertaken fair value hedge and cash flow hedge on the interest rate risk and foreign currency risk of loans, advances and financing of RM1,989,145,000 (2022: RM2,103,865,000) using interest rate swaps.

(c) Included in the loans, advances and financing of the Group at 31 December 2023 is financing which is disclosed as "Restricted Agency Investment Account" ("RAIA") in the financial statements of CIMB Islamic amounting to RM12,882,815,000 (2022: RM11,280,429,000). RAIA arrangement is with CIMB Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank solely provide the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has transferred substantially all the risk and rewards of ownership of the Investment (i.e the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and expected credit losses arising thereon, if any, are recognised and accounted for by CIMB Bank.

(II) BY TYPE OF CUSTOMER:

	The Group	
	2023 RM'000	**2022 RM'000**
Domestic banking financial institutions	**319,567**	353,649
Domestic non–bank financial institutions		
– Stockbroking companies	**281,240**	390,700
– Others	**7,032,851**	5,931,557
Domestic business enterprises		
– Small medium enterprises	**56,316,404**	52,961,537
– Others	**68,015,469**	63,842,297
Government and statutory bodies	**11,788,572**	11,813,303
Individuals	**229,431,374**	214,310,312
Other domestic entities	**18,478,000**	15,980,825
Foreign entities	**49,258,390**	41,472,928
Gross loans, advances and financing	**440,921,867**	407,057,108

Notes to the Financial Statements

for the financial year ended 31 December 2023

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(III) BY INTEREST/PROFIT RATE SENSITIVITY:

	The Group	
	2023 RM'000	**2022 RM'000**
Fixed rate		
– Housing loans	**3,626,180**	3,778,325
– Hire-purchase receivables	**21,750,632**	19,711,850
– Other fixed rate loans	**51,702,328**	50,004,042
Variable rate		
– BLR/BFR	**127,415,066**	122,277,864
– Cost plus	**61,354,041**	57,474,041
– Other variable rates	**175,073,620**	153,810,986
Gross loans, advances and financing	**440,921,867**	407,057,108

(IV) BY ECONOMIC PURPOSES:

	The Group	
	2023 RM'000	**2022 RM'000**
Personal use	**25,179,709**	21,261,070
Credit card	**10,498,006**	9,334,399
Purchase of consumer durables	**649,928**	671,284
Construction	**12,315,593**	12,851,633
Residential property (Housing)	**144,931,884**	132,022,436
Non-residential property	**38,547,823**	34,488,187
Purchase of fixed assets other than land and building	**17,338,574**	15,231,052
Mergers and acquisitions	**2,228,564**	2,301,167
Purchase of securities	**18,961,132**	22,653,271
Purchase of transport vehicles	**29,134,514**	26,262,111
Working capital	**108,742,944**	99,188,624
Other purpose	**32,393,196**	30,791,874
Gross loans, advances and financing	**440,921,867**	407,057,108

Notes to the Financial Statements

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10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(V) BY GEOGRAPHICAL DISTRIBUTION:

	The Group	
	2023 RM'000	**2022 RM'000**
Malaysia	**267,014,722**	253,322,993
Indonesia	**67,423,974**	60,073,967
Thailand	**35,977,870**	33,022,208
Singapore	**44,087,664**	37,060,832
United Kingdom	**6,956,802**	4,667,221
Hong Kong	**1,627,938**	1,516,160
China	**4,432,132**	3,325,093
Other countries	**13,400,765**	14,068,634
Gross loans, advances and financing	**440,921,867**	407,057,108

(VI) BY RESIDUAL CONTRACTUAL MATURITY:

	The Group	
	2023 RM'000	**2022 RM'000**
Within one year	**98,234,923**	88,412,486
One year to less than three years	**37,448,137**	30,915,249
Three years to less than five years	**46,032,588**	43,465,298
Five years and more	**259,206,219**	244,264,075
Gross loans, advances and financing	**440,921,867**	407,057,108

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10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(VII) BY ECONOMIC SECTOR

	The Group	
	2023 RM'000	**2022 RM'000**
Primary agriculture	**12,278,148**	11,487,021
Mining and quarrying	**5,113,891**	4,826,294
Manufacturing	**31,074,185**	29,975,693
Electricity, gas and water supply	**8,887,907**	5,835,764
Construction	**14,707,423**	13,109,378
Transport, storage and communications	**14,027,576**	14,003,587
Education, health and others	**19,499,092**	19,456,379
Wholesale and retail trade, and restaurants and hotels	**37,194,024**	32,946,738
Finance, insurance/takaful, real estate and business activities	**58,456,075**	51,280,780
Household	**215,374,514**	201,360,134
Others	**24,309,032**	22,775,340
Gross loans, advances and financing	**440,921,867**	407,057,108

(VIII) CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY ECONOMIC PURPOSE:

	The Group	
	2023 RM'000	**2022 RM'000**
Personal use	**422,036**	515,312
Credit card	**207,388**	176,297
Purchase of consumer durables	**842**	2,005
Construction	**603,937**	392,766
Residential property (Housing)	**3,319,000**	3,104,913
Non-residential property	**523,214**	708,347
Purchase of fixed assets other than land and building	**991,998**	1,105,457
Mergers and acquisitions	**40,583**	–
Purchase of securities	**29,775**	53,934
Purchase of transport vehicles	**329,539**	313,452
Working capital	**4,404,331**	6,156,858
Other purpose	**897,600**	791,558
Gross credit impaired loans, advances and financing	**11,770,243**	13,320,899

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10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(IX) CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY GEOGRAPHICAL DISTRIBUTION:

	The Group	
	2023 RM'000	**2022 RM'000**
Malaysia	**5,329,949**	5,308,929
Indonesia	**4,353,363**	5,006,066
Thailand	**1,481,474**	1,321,615
Singapore	**157,209**	736,184
United Kingdom	**44,801**	8,700
Hong Kong	**160,808**	142,284
China	**5,351**	4,546
Other countries	**237,288**	792,575
Gross credit impaired loans, advances and financing	**11,770,243**	13,320,899

(X) CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY ECONOMIC SECTOR

	The Group	
	2023 RM'000	**2022 RM'000**
Primary agriculture	**104,413**	171,606
Mining and quarrying	**1,207,945**	1,177,565
Manufacturing	**1,785,574**	1,999,683
Electricity, gas and water supply	**496**	111
Construction	**464,311**	206,583
Transport, storage and communications	**687,027**	792,157
Education, health and others	**111,771**	173,114
Wholesale and retail trade, and restaurants and hotels	**1,891,787**	2,363,447
Finance, insurance/takaful, real estate and business activities	**849,586**	1,043,193
Household	**4,174,346**	3,982,303
Others	**492,987**	1,411,137
Gross credit impaired loans, advances and financing	**11,770,243**	13,320,899

Notes to the Financial Statements

for the financial year ended 31 December 2023

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(XI) MOVEMENTS IN THE EXPECTED CREDIT LOSSES FOR LOANS, ADVANCES AND FINANCING ARE AS FOLLOWS:

	The Group				
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost					
At 1 January 2023	1,425,581	3,629,496	7,343,173	1,771	12,400,021
Changes in expected credit losses due to transfer within stages:	1,901,649	(1,799,842)	(101,807)	–	–
Transferred to Stage 1	2,448,048	(2,301,987)	(146,061)	–	–
Transferred to Stage 2	(527,431)	1,633,598	(1,106,167)	–	–
Transferred to Stage 3	(18,968)	(1,131,453)	1,150,421	–	–
Total charge to Statement of Income:	(451,973)	99,951	2,572,329	–	2,220,307
New financial assets originated	961,948	222,799	78,546	–	1,263,293
Financial assets that have been derecognised	(512,887)	(373,414)	–	–	(886,301)
Writeback in respect of full recoveries	–	–	(321,643)	–	(321,643)
Change in credit risk	(901,034)	250,566	2,815,426	–	2,164,958
Write-offs	(95)	(598)	(3,340,341)	–	(3,341,034)
Disposal of loans, advances and financing	–	–	(181,078)	–	(181,078)
Exchange fluctuation	4,832	62,568	326,600	92	394,092
Other movements	(21,180)	(4,464)	(54,532)	–	(80,176)
At 31 December 2023	2,858,814	1,987,111	6,564,344	1,863	11,412,132

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for the financial year ended 31 December 2023

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(XI) MOVEMENTS IN THE EXPECTED CREDIT LOSSES FOR LOANS, ADVANCES AND FINANCING ARE AS FOLLOWS: (CONTINUED)

	The Group				
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost					
At 1 January 2022	1,534,517	4,063,053	7,722,465	3,046	13,323,081
Changes in expected credit losses due to transfer within stages:	586,278	(1,608,928)	1,022,650	–	–
Transferred to Stage 1	1,034,679	(939,786)	(94,893)	–	–
Transferred to Stage 2	(439,574)	909,904	(470,330)	–	–
Transferred to Stage 3	(8,827)	(1,579,046)	1,587,873	–	–
Total charge to Statement of Income:	(702,900)	1,199,606	2,098,251	–	2,594,957
New financial assets originated	959,284	112,225	84,772	–	1,156,281
Financial assets that have been derecognised	(464,774)	(281,159)	–	–	(745,933)
Writeback in respect of full recoveries	–	–	(216,375)	–	(216,375)
Change in credit risk	(1,197,410)	1,368,540	2,229,854	–	2,400,984
Write-offs	(923)	(3,763)	(3,601,539)	(1,320)	(3,607,545)
Disposal of loans, advances and financing	–	–	(412,103)	–	(412,103)
Exchange fluctuation	7,888	(22,007)	52,845	45	38,771
Other movements	721	1,535	460,604	–	462,860
At 31 December 2022	1,425,581	3,629,496	7,343,173	1,771	12,400,021

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for the financial year ended 31 December 2023

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(XII) MOVEMENTS IN CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING

Gross carrying amount movement for loans, advances and financing at amortised cost classified as credit impaired:

	The Group		
	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	**Purchased credit impaired RM'000**	**Total RM'000**
At 1 January 2023	**13,314,951**	**5,948**	**13,320,899**
Transfer within stages	**2,359,268**	**–**	**2,359,268**
New financial assets originated	**245,884**	**–**	**245,884**
Write-offs	**(3,341,043)**	**–**	**(3,341,043)**
Amount fully recovered	**(933,505)**	**–**	**(933,505)**
Other changes in loans, advances and financing	**(113,362)**	**(141)**	**(113,503)**
Disposal of loans, advances and financing	**(198,948)**	**–**	**(198,948)**
Exchange fluctuation	**430,881**	**310**	**431,191**
At 31 December 2023	**11,764,126**	**6,117**	**11,770,243**
At 1 January 2022	13,285,278	7,257	13,292,535
Transfer within stages	4,600,745	–	4,600,745
New financial assets originated	171,714	–	171,714
Write-offs	(3,609,463)	(1,320)	(3,610,783)
Amount fully recovered	(609,045)	–	(609,045)
Other changes in loans, advances and financing	(197,420)	(96)	(197,516)
Disposal of loans, advances and financing	(466,527)	–	(466,527)
Exchange fluctuation	139,669	107	139,776
At 31 December 2022	13,314,951	5,948	13,320,899

	The Group	
	2023	**2022**
Ratio of credit impaired loans to total gross loans, advances and financing	**2.67%**	3.27%

Notes to the Financial Statements

for the financial year ended 31 December 2023

10 LOANS, ADVANCES AND FINANCING (CONTINUED)

(XII) MOVEMENTS IN CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING (CONTINUED)

IMPACT OF MOVEMENTS IN GROSS CARRYING AMOUNT ON EXPECTED CREDIT LOSSES

2023:

Stage 1 ECL increased by RM1,433 million as a result of RM207,022 million arising from additional disbursement, loans, advances/financing migrating into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement and having movement in the existing account balances during the financial year. This is partially offset with RM153,540 million of loans, advances/financing that were fully repaid, and accounts migrated from Stage 1 to Stage 2 or Stage 3 due to deterioration in credit quality.

Stage 2 ECL decreased by RM1,642 million as a result of RM64,967 million loans, advances/financing that were fully repaid, having movement in the existing account balances during the financial year, and accounts migrated from Stage 2 to Stage 3 due to deterioration in credit quality and migrated to Stage 1 as a result of improved credit quality loans, advances/financing migrating into Stage 2, offset by RM38,869 million of loans, advances/financing migrating into Stage 2 and additional disbursement.

Stage 3 ECL decreased by RM779 million as a result of loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, transferred to Stage 1 or Stage 2 and written off during the financial year of RM9,677 million. This is partially offset by RM7,900 million loans, advances/financing that were transferred into Stage 3 due to credit quality deterioration.

The amount of loans, advances and financing whose cash flows were modified of the Group during the financial year was RM311,943,000.

2022:

Stage 1 ECL decreased by RM109 million as a result of RM162,522 million of loans, advances/financing that were fully repaid, having movement in the existing account balances during the financial year, and accounts migrated from Stage 1 to Stage 2 or Stage 3 due to deterioration in credit quality offset by loans, advances/financing that were newly originated or migrated into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement.

Stage 2 ECL decreased by RM434 million as a result of RM41,748 million loans, advances/financing that were fully repaid, having movement in the existing account balances during the financial year, accounts migrated to Stage 1 as a result of improved credit quality loans, advances/financing and from Stage 2 to Stage 3 due to deterioration in credit quality, offset by RM37,128 million of loans, advances/financing migrating into Stage 2 and additional disbursement.

Stage 3 ECL decreased by RM381 million as a result of loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, transferred to Stage 1 or Stage 2 and written off during the financial year of RM7,046 million. This is however offset by RM7,427 million of the Group's loans, advances and financing that were transferred into Stage 3 due to credit quality deterioration.

The amount of loans, advances and financing whose cash flows were modified of the Group during the financial year was RM1,448,576,000.

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for the financial year ended 31 December 2023

11 OTHER ASSETS

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Due from brokers		**45,045**	10,377	**–**	–
Other debtors net of expected credit losses of RM657,284,000 (2022: RM701,401,000), deposits and prepayments	(a)	**3,747,639**	3,390,389	**83,564**	83,364
Settlement accounts		**1,323,115**	1,242,400	**–**	–
Treasury related receivables		**1,424,277**	2,027,697	**–**	–
Structured financing		**504,996**	553,415	**–**	–
Foreclosed assets net of allowance for impairment losses of RM135,081,000 (2022: RM73,312,000)	(b)	**247,038**	210,116	**–**	–
Collateral pledged for derivative transactions		**3,541,259**	3,269,533	**–**	–
Due from joint ventures	(c)	**3,815,531**	2,897,175	**–**	–
		14,648,900	13,601,102	**83,564**	83,364

(a) Movements of expected credit losses for other assets are as follows:

(i) Under simplified approach

	The Group 2023 RM'000	The Group 2022 RM'000
At 1 January	**156,042**	131,887
Expected credit losses (written back)/made during the financial year	**(156)**	54,693
Write off	**(47,276)**	(16,693)
Exchange fluctuation	**(959)**	(13,845)
At 31 December	**107,651**	156,042

Notes to the Financial Statements

for the financial year ended 31 December 2023

11 OTHER ASSETS (CONTINUED)

(a) Movements of expected credit losses for other assets are as follows: (Continued)

(ii) Under general approach

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**23,340**	**2,000**	**520,019**	**545,359**
Total charge to Statement of Income:	**6,411**	**-**	**(2,137)**	**4,274**
Writeback in respect of full recoveries	**–**	**–**	**(344)**	**(344)**
Change in credit risk	**6,411**	**–**	**(1,793)**	**4,618**
At 31 December 2023	**29,751**	**2,000**	**517,882**	**549,633**
At 1 January 2022	–	–	390,664	390,664
Total charge to Statement of Income:	23,340	2,000	129,355	154,695
Writeback in respect of full recoveries	–	–	(109,793)	(109,793)
Change in credit risk	23,340	2,000	239,148	264,488
At 31 December 2022	23,340	2,000	520,019	545,359

Included in the ECL provided in financial year ended 31 December 2023 and 31 December 2022 under general approach is related to settlement of debit card balances.

Notes to the Financial Statements

for the financial year ended 31 December 2023

11 OTHER ASSETS (CONTINUED)

(a) Movements of expected credit losses for other assets are as follows: (Continued)

(iii) Gross carrying amount movement of other assets classified as credit impaired:

The Group	Lifetime expected credit losses – credit impaired (Stage 3) RM'000
At 1 January 2023	**520,019**
Amount recovered	**(344)**
Other changes	**(1,793)**
At 31 December 2023	**517,882**
At 1 January 2022	421,871
Transfer within stages	223,973
Amount recovered	(125,825)
At 31 December 2022	520,019

Impact of movements in gross carrying amount on expected credit losses:

2023:
Stage 1 ECL increased by RM6.4 million due to change in credit risk.

Stage 3 ECL decreased by RM2.1 million due to change in credit risk.

2022:
Stage 1 ECL increased by RM23 million due to change in credit risk.

Stage 2 ECL increased by RM2 million during the financial year due to change in credit risk

Stage 3 ECL increased by RM129 million during the financial year arising from allowance made in relation to settlement of debit card balances and offset with recovery due to full settlement.

Notes to the Financial Statements

for the financial year ended 31 December 2023

11 OTHER ASSETS (CONTINUED)

(b) Foreclosed assets are stated at the lower of carrying amount and fair value less cost to sale. Independent valuation of the foreclosed properties was performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2023. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

Movements of allowance for impairment losses on foreclosed assets are as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
At 1 January	**73,312**	63,307
Net allowance made during the financial year	**200,196**	95,988
Recoveries	**(464)**	(1,202)
Disposal during the financial year	**(142,449)**	(83,872)
Exchange fluctuation	**4,486**	(909)
At 31 December	**135,081**	73,312

(c) This relates to the amount due from joint venture, Proton Commerce Sdn. Bhd. ("PCSB") of which comprises of the funding to PCSB for the hire purchase business.

12 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are shown in the statements of financial position, after offsetting:

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Deferred tax assets	**1,934,311**	1,910,929	**–**	–
Deferred tax liabilities	**(52,500)**	(44,852)	**(2)**	(3)
	1,881,811	1,866,077	**(2)**	(3)

Notes to the Financial Statements
for the financial year ended 31 December 2023

12 DEFERRED TAXATION (CONTINUED)

The components of deferred tax assets and liabilities during the financial year prior to offsetting of balances within the same tax jurisdiction are as follows:

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Deferred tax assets (before offsetting)				
Expected credit losses	**1,317,283**	1,061,013	**–**	–
Fair value reserve – Debt instruments at fair value through other comprehensive income	**190,239**	350,953	**–**	–
Unutilised tax losses	**16,029**	13,093	**–**	–
Post employment benefits obligations	**96,606**	87,623	**–**	–
Provision for expenses	**477,476**	455,809	**–**	–
Own credit risk reserve	**14,910**	–		
EOP reserves	**4,761**	3,223	**–**	–
Lease liabilities	**75,177**	77,216	**–**	–
Other temporary differences	**830**	86,706	**–**	–
Unutilised capital allowance	**233**	233	**–**	–
	2,193,544	2,135,869	**–**	–
Offsetting	**(259,233)**	(224,940)	**–**	–
Deferred tax assets (after offsetting)	**1,934,311**	1,910,929	**–**	–
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	**(99,545)**	(159,107)	**(2)**	(3)
Right-of-use assets	**(59,148)**	(54,135)	**–**	–
Fair value reserve – Equity instruments at fair value through other comprehensive income	**(38,827)**	(37,872)	**–**	–
Intangible assets	**(113,179)**	(17,726)	**–**	–
Cash flow hedge	**(1,034)**	(952)	**–**	–
	(311,733)	(269,792)	**(2)**	(3)
Offsetting	**259,233**	224,940	**–**	–
Deferred tax liabilities (after offsetting)	**(52,500)**	(44,852)	**(2)**	(3)

Notes to the Financial Statements

for the financial year ended 31 December 2023

12 DEFERRED TAXATION (CONTINUED)

The gross movements on the deferred taxation account are as follows:

				Fair value reserve										
The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Post employment benefit obligations RM'000	Lease liabilities RM'000	Own credit risk reserve RM'000	Total RM'000
Deferred tax assets/ (liabilities)														
At 1 January 2023		**1,061,013**	**(159,107)**	**350,953**	**(37,872)**	**(54,135)**	**103,255**	**(17,726)**	**455,809**	**(952)**	**87,623**	**77,216**	**-**	**1,866,077**
Credited/(charged) to statements of income	45	**176,586**	**2,205**	**(9,730)**	**-**	**4,612**	**(114,393)**	**(25,307)**	**20,331**	**-**	**1,279**	**(3,565)**	**(66)**	**51,952**
Over/(under) provision in prior year		**48,225**	**59,483**	**-**	**-**	**(8,295)**	**33,368**	**(66,707)**	**(1,977)**	**-**	**(144)**	**575**	**-**	**64,528**
Transferred to equity		**-**	**-**	**(155,787)**	**(937)**	**-**	**-**	**-**	**-**	**54**	**2,752**	**-**	**14,665**	**(139,253)**
Exchange difference		**31,459**	**(2,126)**	**4,803**	**(18)**	**(1,330)**	**(377)**	**(3,439)**	**3,313**	**(136)**	**5,096**	**951**	**311**	**38,507**
At 31 December 2023		**1,317,283**	**(99,545)**	**190,239**	**(38,827)**	**(59,148)**	**21,853**	**(113,179)**	**477,476**	**(1,034)**	**96,606**	**75,177**	**14,910**	**1,881,811**

				Fair value reserve									
The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Post employment benefit obligations RM'000	Lease liabilities RM'000	Total RM'000
Deferred tax assets/ (liabilities)													
At 1 January 2022		972,932	(151,318)	148,176	(37,856)	(84,173)	107,570	(17,761)	504,016	(2,544)	87,315	99,969	1,626,326
Credited/(charged) to statements of income	45	98,328	32	3,143	-	31,375	(14,166)	(10,253)	(45,741)	-	735	(23,028)	40,425
Over/(under) provision in prior year		4,681	(10,311)	-	-	(332)	2,634	10,288	(2,021)	-	(6)	(399)	4,534
Transferred to equity		-	-	202,283	(11)	-	-	-	-	1,629	767	-	204,668
Acquisition of a subsidiary		-	-	-	-	-	36	-	-	-	-	-	36
Exchange difference		(14,928)	2,490	(2,649)	(5)	(1,005)	7,181	-	(445)	(37)	(1,188)	674	(9,912)
At 31 December 2022		1,061,013	(159,107)	350,953	(37,872)	(54,135)	103,255	(17,726)	455,809	(952)	87,623	77,216	1,866,077

Notes to the Financial Statements
for the financial year ended 31 December 2023

12 DEFERRED TAXATION (CONTINUED)

The gross movements on the deferred taxation account are as follows (Continued):

The Company	Note	Accelerated tax depreciation RM'000	Total RM'000
Deferred tax liabilities			
At 1 January 2023		**(3)**	**(3)**
Charged to statements of income	45	**1**	**1**
At 31 December 2023		**(2)**	**(2)**
At 1 January 2022		(227)	(227)
Charged to statements of income	45	224	224
At 31 December 2022		(3)	(3)

13 STATUTORY DEPOSITS WITH CENTRAL BANKS

The non-interest bearing statutory deposits are maintained by certain subsidiaries with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities. The non-interest bearing statutory deposits of a foreign subsidiary and foreign branches of the banking subsidiary are maintained with respective central banks in compliance with the applicable legislation.

On 15 May 2020, BNM has issued Statutory Reserve Requirement ("SRR") guideline and with effect from 16 May 2020, banking institutions are allowed to recognise Malaysian Government Securities and Malaysian Government Issue to fully meet the SRR requirement of 2%. This flexibility is available until 31 December 2022.

14 INVESTMENT IN SUBSIDIARIES

		The Company	
	Note	2023 RM'000	2022 RM'000
Ordinary shares	(i)	**15,431,574**	15,401,834
Redeemable preference shares*	53.1(g)	**19,154,041**	19,183,781
		34,585,615	34,585,615
Capital contribution to subsidiaries@		**145,367**	87,817
		34,730,982	34,673,432
Less: Allowance for impairment loss of a subsidiary		**(6,813)**	(6,813)
		34,724,169	34,666,619

* *Classified as cost of investment in subsidiaries due to the terms of the instruments including redeemable and dividend entitlement at discretion of issuer*

@ *Being long term incentive plan ("LTIP") which was implemented by the Company in 2021, that is granted to CIMB Group Holdings Bhd ("CIMBGH") subsidiaries' employees*

(i) During the financial year ended 31 December 2023, capital injection was made to CIMB Group Sdn Bhd amounted to RM29,740,000 (2022: RM2,237,719,000).

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for the financial year ended 31 December 2023

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries:

The direct subsidiaries of the Company are:

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held 2023 %	2022 %
CIMB Berhad	Investment holding	Malaysia	**100**	100
CIMB Group Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Commerce MGI Sdn. Bhd.	Dormant	Malaysia	**51**	51
CIMB Active Ventures Sdn. Bhd. (formerly known as Commerce Asset Realty Sdn. Bhd.)	Providing IT support and business process insourcing services	Malaysia	**100**	100
iCIMB (MSC) Sdn. Bhd.	Provision of management	Malaysia	**100**	100
SBB Berhad	Dormant	Malaysia	**100**	100
CIMB Foundation ∞	Charitable foundation	Malaysia	**–**	–
Premier Fidelity Sdn. Bhd.	Promoting, arranging and managing all kinds of sports and entertainment events of the Group	Malaysia	**100**	100
SP Charitable Trust Fund ∞ #	Special purpose vehicle		**–**	–
SP Charitable Trust Fund 2 ∞ #	Special purpose vehicle		**–**	–

∞ *Consolidated in the Group as the substance of the relationship between the entities and the Company indicates that the entities are controlled by the Company.*

\# *Audited by a firm other than member firms of PricewaterhouseCoopers International Limited.*

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held: Directly by the Company 2023 %	Directly by the Company 2022 %	Indirectly by the Company 2023 %	Indirectly by the Company 2022 %
The direct subsidiary of the Company is:						
Touch 'n Go Sdn. Bhd. ("TnG")	Establishment, operation and management of an electronic collection system for toll and transport operators	Malaysia	**–**	–	**100.0**	100.0

On 13 December 2021, the Company entered into Share Purchase Agreement with CIMB Group Sdn Bhd, a direct wholly-owned subsidiary of the Company and CIMB Digital Assets Sdn Bhd (formerly known as CIMB SI 1 Sdn Bhd) ("CDA"), an indirect wholly-owned subsidiary of the Company, to dispose the entire issued and paid-up share capital of Touch 'N Go Sdn Bhd ("TNG") to CDA. The objective is to facilitate the internal restructuring exercise to consolidate the shareholding of TNG in CDA ("Proposed Internal Restructuring"). Upon the completion of the internal restructuring on 26 January 2022, TnG become the direct wholly-owned subsidiary of CDA and indirect wholly-owned subsidiary of the Company. There is no financial impact at the Group arising from the internal restructuring.

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for the financial year ended 31 December 2023

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMB Berhad are:

			Percentage of equity held			
			Directly by CIMB Berhad		Indirectly by the Company's subsidiary	
Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	2023 %	2022 %	2023 %	2022 %
CIMB Islamic Trustee Berhad	Trustee services	Malaysia	**20**	20	**80**	80
CIMB Commerce Trustee Berhad	Trustee services	Malaysia	**20**	20	**80**	80

The subsidiaries held through CIMB Group Sdn. Bhd. ("CIMBG") are:

			Percentage of equity held			
			Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	2023 %	2022 %	2023 %	2022 %
CIMB Bank Berhad ("CIMB Bank")	Commercial banking and related financial services	Malaysia	**100**	100	**-**	–
CIMB Investment Bank Berhad ("CIMB Investment Bank")	Investment banking and the provision of related financial services	Malaysia	**100**	100	**-**	–
PT Bank CIMB Niaga Tbk +	Commercial banking and related financial services	Indonesia	**91.5**	91.5	**1.0**	1.0
PT Commerce Kapital #	Investment holding	Indonesia	**99.0**	99.0	**1.0**	1.0
CIMB SI Sdn. Bhd.	Trading in securities and direct principal investments	Malaysia	**100**	100	**-**	–
CIMB Digital Assets Sdn. Bhd. (formerly known as CIMB SI 1 Sdn. Bhd.)	Investment holding	Malaysia	**84.2**	99.99	**15.8**	0.01
CIMB SI II Sdn. Bhd.	Investment holding	Malaysia	**100**	100	**-**	–
CIMB Private Equity Sdn. Bhd.	Investment holding	Malaysia	**100**	100	**-**	–
CIMB Asia Security (General Partner) Limited	Investment holding	Labuan, Malaysia	**-**	–	**100**	100
CIMB Real Estate Sdn. Bhd.	Real estate investment	Malaysia	**100**	100	**-**	–
Sathorn Asset Management Company Limited +	Asset Management	Thailand	**-**	–	**99.9**	99.9
CIMB Strategic Assets Sdn. Bhd.	Investment holding	Malaysia	**100**	100	**-**	–
CIMB Private Equity Advisors Sdn. Bhd.	Investment advisory	Malaysia	**100**	100	**-**	–
CIG Berhad	Insurance holding company	Malaysia	**100**	100	**-**	–
Commerce Asset Ventures Sdn. Bhd. ("CAV")	Investment holding company	Malaysia	**100**	100	**-**	–
Southeast Asia Special Asset Management Berhad	To invest in, purchase or otherwise acquire and deal with non-performing loans, credit and financing facilities or debts	Malaysia	**100**	100	**-**	–
Lot A Sentral Sdn. Bhd.	Property investment	Malaysia	**-**	–	**100**	100
PT Synergy Dharma Nayaga #	Management consultancy	Indonesia	**-**	–	**100**	100
CIMB Investment Bank (Private) Limited+ ^^	Stock and share broking	Sri Lanka	**45**	45	**-**	–
CIMB Capital Markets (Australia) PTY Ltd+	Equity capital markets business	Australia	**100**	100	**-**	–

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for the financial year ended 31 December 2023

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMB Group Sdn. Bhd. ("CIMBG") are (Continued):

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held: Directly by CIMBG 2023 %	Directly by CIMBG 2022 %	Through CIMBG's subsidiary company 2023 %	Through CIMBG's subsidiary company 2022 %
CSI Investment Limited +	Investment holding	British Virgin Island	**100**	100	**-**	–
MinorCap Pte. Ltd. +	Dormant	Singapore	**-**	–	**100**	100
Southeast Asia Special Asset Vehicle Limited	Special purpose vehicle	Malaysia	**-**	–	**100**	100
CIMB Bancom Capital Corporation	Investment banking	Philippines	**60**	60	**-**	–
CIMB AI Labs Private Limited* (formerly known as Shining Star Solution and Services Private Limited)	Business support services	India	**0.01**	0.01	**99.99**	99.99

Audited by a firm other than member firms of PricewaterhouseCoopers International Limited

\+ *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT*

^^ *Under disposal/strike off/liquidation process*

The subsidiaries held through CIMBG's direct subsidiary, CIMB Investment Bank are:

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held: Directly by CIMB Investment Bank 2023 %	Directly by CIMB Investment Bank 2022 %	Through CIMB Investment Bank's subsidiary company 2023 %	Through CIMB Investment Bank's subsidiary company 2022 %
CIMB Holdings Sdn. Bhd.	Investment holding	Malaysia	**100**	100	**-**	–
CIMSEC Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	**100**	100	**-**	–
CIMSEC Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	**100**	100	**-**	–
CIMB EOP Management Sdn. Bhd.	Nominee services	Malaysia	**100**	100	**-**	–
CIMB Commerce Trustee Berhad	Trustee services	Malaysia	**-**	–	**20**	20
CIMB Islamic Trustee Berhad	Trustee services	Malaysia	**-**	–	**20**	20

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14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are:

			Percentage of equity held			
			Directly by CIMB Bank		Through CIMB Bank's subsidiary company	
Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	2023 %	2022 %	2023 %	2022 %
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	Malaysia	**100**	100	**-**	–
CIMB Islamic Trustee Berhad	Trustee to unit trust funds, public debt financing issues and private trusts and other corporate trusts	Malaysia	**20**	20	**40**	40
CIMB Bank (L) Limited	Carrying on the business of a Labuan bank	Labuan, Malaysia	**100**	100	**-**	–
iCIMB (Malaysia) Sdn. Bhd.	Provision of outsourcing services	Malaysia	**100**	100	**-**	–
CIMB Group Nominees (Tempatan) Sdn Bhd	Provision of nominee services	Malaysia	**100**	100	**-**	–
CIMB Group Nominees (Asing) Sdn Bhd	Provision of nominee services	Malaysia	**100**	100	**-**	–
CIMB Islamic Bank Berhad	Islamic banking and related financial services	Malaysia	**100**	100	**-**	–
CIMB Trust Ltd.	Trustee services	Labuan, Malaysia	**100**	100	**-**	–
Bumiputra-Commerce Corporate Services Limited	Nominee services	Labuan, Malaysia	**-**	–	**100**	100
BC Management Services Limited	Nominee services	Labuan, Malaysia	**-**	–	**100**	100
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	Malaysia	**-**	–	**100**	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Provision of nominee services	Malaysia	**-**	–	**100**	100
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	Malaysia	**100**	100	**-**	–
BHLB Properties Sdn. Bhd.	To own and manage premises and other immovable properties	Malaysia	**100**	100	**-**	–
CIMB Nominees (S) Pte. Ltd. +^^	Provision of nominee services	Singapore	**100**	100	**-**	–
SFB Auto Berhad	Financial services	Malaysia	**100**	100	**-**	–
CIMB Bank (Vietnam) Limited #	Banking activities	Vietnam	**100**	100	**-**	–
CIMB Bank PLC +	Commercial banking and related financial services	Cambodia	**100**	100	**-**	–
CIMB Commerce Trustee Berhad	Provision of trustee, custodian and nominees services	Malaysia	**20**	20	**40**	40
S.B. Properties Sdn. Bhd.	Property ownership and management	Malaysia	**100**	100	**-**	–
SFB Development Sdn. Bhd.	Property investment	Malaysia	**100**	100	**-**	–
SIBB Berhad	Investment dealing	Malaysia	**80**	80	**-**	–
Perdana Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	Malaysia	**-**	–	**80**	80

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14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are (Continued):

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held: Directly by CIMB Bank 2023 %	Directly by CIMB Bank 2022 %	Through CIMB Bank's subsidiary company 2023 %	Through CIMB Bank's subsidiary company 2022 %
CIMB Thai Bank Public Company Limited +	Commercial banking	Thailand	**94.8**	94.8	**-**	–
Merdeka Kapital Berhad**	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	Malaysia	**-**	–	**-**	–

** *Consolidation of the silo of Merdeka Kapital Berhad*
In 2011, CIMB Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad ("MKB"), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 "Consolidated Financial Statements" in 2013, CIMB Bank has consolidated the silo of MKB in relation to CIMB Bank's hire purchase receivables, as this silo has been legally ring-fenced for this transaction. The securitisation transaction was completed in 2016.

On 31 March 2017, CIMB Bank obtained new funding through securitisation of its hire purchase receivables to MKB.

\+ *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT.*
^^ *Under strike off/liquidation process*
\# *Audited by a firm other than member firms of PricewaterhouseCoopers International Limited*

The subsidiaries held through PT Bank CIMB Niaga Tbk are:

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held: Directly by CIMB Niaga 2023 %	Directly by CIMB Niaga 2022 %	Through CIMBG's subsidiary 2023 %	Through CIMBG's subsidiary 2022 %
PT CIMB Auto Finance +	Financing services	Indonesia	**83.3**	83.3	**-**	–
PT CIMB Niaga Sekuritas#	Capital market business	Indonesia	**97.3**	94.8	**2.7**	5.2

The subsidiaries held through CIMB Thai Bank Public Company Limited are:

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held 2023 %	Percentage of equity held 2022 %
CIMB Thai Auto Company Ltd+	Hire purchase sale & leaseback and financial lease	Thailand	**99.9**	99.9
Worldlease Co. Ltd.+	Hire purchase of motorcycles	Thailand	**99.9**	99.9

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^^ *Under strike off/liquidation process*
\# *Audited by a firm other than member firms of PricewaterhouseCoopers International Limited*

Notes to the Financial Statements
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14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries that have material non-controlling interests:

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2023 %	**2022 %**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
CIMB Thai Bank Public Company Limited Group (Incorporated in the Kingdom of Thailand)	**5.2**	5.2	**10,497**	20,088	**316,010**	292,170
PT Bank CIMB Niaga Tbk Group (Incorporated in the Republic of Indonesia)	**7.5**	7.5	**125,052**	100,887	**981,819**β	789,080β
Individually immaterial subsidiaries with non-controlling interests					**14,101**	11,397
					1,311,930	1,092,647

β *Inclusive of shares purchased arising from employee benefit scheme of RM49 million (2022: RM85 million).*

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	CIMB Thai Bank Public Company Limited Group		PT Bank CIMB Niaga Tbk Group	
(RM'000)	**2023**	**2022**	**2023**	**2022**
Total assets	**68,029,490**	62,960,383	**98,358,763**	85,298,246
Total liabilities	**(61,812,012)**	(57,208,562)	**(84,898,711)**	(73,741,122)
Net assets	**6,217,478**	5,751,821	**13,460,052**	11,557,124
Equity attributable to owners of the Company	**(6,217,478)**	(5,751,821)	**(13,416,896)**	(11,533,340)
Non-controlling interests ("NCI")	**-**	–	**(43,156)**	(23,784)
Revenue	**1,702,728**	1,662,276	**5,560,720**	5,504,369
Profit before taxation	**255,981**	487,803	**2,538,857**	2,017,875
Taxation	**(52,939)**	(99,249)	**(540,503)**	(439,373)
Other comprehensive income/(expense)	**302,815**	53,476	**742,697**	(919,566)
Total comprehensive income	**505,857**	442,030	**2,741,051**	658,936
Net cash generated from/(used in) operating activities	**382,852**	5,033,934	**(540,911)**	(4,661,827)
Net cash (used in)/generated from investing activities	**(830,980)**	(3,913,789)	**(1,787,573)**	1,690,095
Net cash (used in)/generated from financing activities	**(121,414)**	(807,110)	**96,121**	(1,392,347)
Net (decrease)/increase in cash and cash equivalents	**(569,542)**	313,035	**(2,232,363)**	(4,364,079)
Profit allocated to NCI of the Group	**10,497**	20,088	**125,052**	100,887
Dividends paid to NCI of the Group	**2,736**	2,282	**58,922**	47,743

Notes to the Financial Statements

for the financial year ended 31 December 2023

15 INVESTMENT IN ASSOCIATES

		The Group	
	Note	2023 RM'000	2022 RM'000
At 1 January		**41,786**	770,801
Share of results for the financial year		**41,692**	66,261
Additional investment in associates		**143**	9,102
Share of other comprehensive income for the financial year		**12,350**	8,713
Reclassification to non-current assets held for sale	56	**–**	(757,115)
Dividend payment		**–**	(36,250)
Profit distribution		**(1,812)**	(19,726)
At 31 December		**94,159**	41,786

(a) Information about associates:

The principal place of business and country of incorporation of the associates is Malaysia unless stated otherwise. All associates are measured using the equity method. There are no available quoted market prices of the associates.

The associates held through CIMBG's subsidiary, CIMB Strategic Assets Sdn Bhd are:

			Percentage of equity held	
Name of Associates	Principal activities	Country of Incorporation/ Principal Place of Business	2023 %	2022 %
Capital Advisors Partners Asia Sdn. Bhd.	Investment advisory services	Malaysia	**40.0**	40.0
Capital Advisors Partners Asia Pte. Ltd.	Investment advisory services	Singapore	**40.0**	40.0
Capasia Islamic Infrastructure Fund (General Partner) Limited^^	Managing private fund	Labuan, Malaysia	**40.0**	40.0
Capasia Asean Infrastructure Fund III (General Partner) Limited	General Partner of The CapAsia Asean, Infrastructure Fund III L.P	Labuan, Malaysia	**40.0**	40.0
AIGF Sponsor LP	Investment holding	Cayman Island	**26.3**	26.3

^^ *Under disposal/strike off/liquidation process*

Notes to the Financial Statements

for the financial year ended 31 December 2023

15 INVESTMENT IN ASSOCIATES (CONTINUED)

(b) Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	CGS-CIMB Securities International Pte. Ltd. 2022 RM'000	CGS-CIMB Holdings Group 2022 RM'000
At 1 January	**1,335,727**	**1,726,061**
Profit for the financial year	**73,464**	**24,772**
Other comprehensive income	**12,867**	**–**
Dividend paid	**–**	**(145,000)**
Reclassification to non-current assets held for sale	**(1,422,058)**	**(1,605,833)**
At 31 December	**–**	**–**

(c) Aggregate information of associates that are not individually material:

	2023 RM'000	2022 RM'000
The Group's share of profit for the financial year	**41,692**	66,261
The Group's share of other comprehensive income for the financial year	**12,350**	8,713
The Group's share of total comprehensive income for the financial year	**54,042**	74,974
Aggregate carrying amount of the Group's interest in these associates	**94,159**	41,786

(d) Details of material associates:

CGS-CIMB Securities International Pte. Ltd. (formerly known as CIMB Securities International Pte. Ltd.) ("CSI") and CGS-CIMB Holdings Sdn Bhd ("CCH")

CIMBG will be disposing its remaining equity stake in CGS-CIMB Securities International Pte Ltd ("CSI") and CGS-CIMB Holdings Sdn Bhd ("CCH") of 25.01% and 25% respectively to CGS International Holdings Limited (formerly known as China Galaxy International Financial Holdings Limited) ("CGI") (collectively referred to as "CGS-CIMB JV"). The completion of the transaction will take place within 10 business days upon all required regulatory approvals being obtained, or such other date as may be agreed in writing between CIMBG and CGI, whereupon CIMB Group will fully exit its stake in both CSI and CCH. Given the development, investments in CSI and CCH are reclassified from investment in associates to non-current assets held for sale as of 31 December 2022, in accordance with MFRS 5.

On 29 December 2023, CIMB Group Sdn Bhd, has completed the sale of its 25.01% and 25.0% shareholding in CSI and CCH respectively to CGI pursuant to the second call option exercised by CGI. The gross proceeds of the sale amounted to approximately RM780 million, subject to completion audit adjustments. With the completion of the second call option on 29 December 2023, CIMB Group has fully exited the CGS-CIMB JV.

Notes to the Financial Statements

for the financial year ended 31 December 2023

16 INVESTMENT IN JOINT VENTURES

	Note	The Group 2023 RM'000	The Group 2022 RM'000
At 1 January		**2,425,221**	2,181,345
Share of results for the financial year		**(58,914)**	(26,022)
Share of other comprehensive income for the financial year		**3,854**	1,723
Additional investment in joint ventures	b(v)	**–**	326,868
Dividend payment		**(67,795)**	(60,000)
Dilution of interest arising from capital injection from other joint partners		**–**	1,307
At 31 December		**2,302,366**	2,425,221

(a) Details of joint ventures

The principal place of business and country of incorporation of the joint ventures is Malaysia unless stated otherwise. All joint ventures are measured using the equity method. There are no available quoted market prices of the joint ventures.

Name of Joint Ventures	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held through subsidiary company 2023 %	Percentage of equity held through subsidiary company 2022 %
Proton Commerce Sdn. Bhd.	Development management and marketing of hire purchase or leasing facilities in respect of the purchase or use of Proton and other vehicles	Malaysia	**50**	50
Principal Islamic Asset Management Sdn. Bhd. (formerly known as CIMB-Principal Islamic Asset Management Sdn. Bhd.)	Establishment and management of unit trust fund and fund management business in accordance with shariah principles	Malaysia	**40**	40
CIMB-MC Capital Ltd.	Investment holding	Cayman Islands	**50**	50
AIGF Management Company Ltd.	General Partner	Cayman Islands	**45**	45
Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad)	Establishment and management of unit trust fund and fund management business	Malaysia	**40**	40
Principal Asset Management Company Limited (formerly known as CIMB-Principal Asset Management Company Limited)	Investment and fund management and other related services	Thailand	**40**	40
PT Principal Asset Management (formerly known as PT CIMB-Principal Asset Management)	Establishment and management of unit trust fund and fund management business	Indonesia	**39.6**	39.6
Principal Asset Management (S) Pte. Ltd. (formerly known as CIMB Principal Asset Management (S) Pte. Ltd.)	Provision of management and investment analysis services	Singapore	**40**	40
CIMB Wealth Advisors Berhad	Distribution of unit trust funds	Malaysia	**40**	40
TNG Digital Sdn Bhd	Issuer of electronic money (e-money)	Malaysia	**45.01**	45.01

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16 INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Details of material joint venture:

(i) Proton Commerce Sdn. Bhd.

On 22 October 2003, Bumiputra-Commerce Finance Berhad ("BCF") (now known as Mutiara Aset Berhad) entered into a joint venture agreement with Proton Edar Sdn. Bhd. ("PESB") for the purposes of building and operating a competitive vehicle financing business in Malaysia for vehicles distributed by PESB. Subsequently, a joint venture was incorporated under the name of Proton Commerce Sdn. Bhd. ("PCSB") which is 50:50 owned by BCF and PESB respectively. PCSB is primarily responsible for developing, managing and marketing hire purchase loans for vehicles sold to the customers of PESB. Pursuant to the joint venture, BCF issued RM200 million Perpetual Preference Shares ("PPS") which were fully subscribed by PCSB. Pursuant to the vesting of the finance company business and the related assets and liabilities of BCF to CIMB Bank and the subsequent capital reduction exercise undertaken by BCF, the BCF PPS were cancelled, and CIMB Bank issued RM200 million PPS to PCSB.

(ii) Principal Asset Management Bhd ("PAM")

On 11 January 2018, CIMB Group Sdn Bhd ("CIMBG") entered into sale and purchase agreements to divest 20% equity stake in CIMB-Principal Asset Management ("CPAM") to PAM ("Proposed Divestment"). On 25 May 2018, the proposed divestment was completed, and CPAM ceased to be a subsidiary of the Group, and has become the joint venture of the Group, where decisions about key activities require unanimous consent of both parties in the joint venture arrangement.

(iii) CGS-CIMB Securities International Pte. Ltd. (formerly known as CIMB Securities International Pte. Ltd.) ("CSI")

On 17 October 2016, CIMBG, a wholly-owned subsidiary of the Company, has signed a Heads of Terms with China Galaxy International Financial Holdings Limited ("CGI"), a wholly-owned subsidiary of China Galaxy Securities Co. Ltd. ("CGS"), with respect to a potential strategic partnership in the cash equities business in the region.

On 6 June 2017, CIMBG has signed a conditional Share Purchase Agreement with CGI with respect to the sale of 50% of the issued and paid-up share capital of CIMB Securities International Pte. Ltd. ("CSI") to CGI ("Proposed Disposal"). The Proposed Disposal was completed on 18 January 2018.

(iv) CGS-CIMB Holdings Sdn Bhd

On 18 December 2018, CIMBG, CGI and CCH entered into a Share Subscription Agreement in connection with the subscription of new shares CCH by CIMBG and CGI ("Proposed MY Share Subscription"). At completion, CIMBG and CGI will be 50:50 shareholders in CCH.

Following the signing of the Share Subscription Agreement, the parties will proceed with the necessary process to effect the transfer of the Malaysia stockbroking business of CIMB Group, including 100% interest in CIMB Futures Sdn Bhd, to Jupiter Securities ("Proposed Business Transfer"). Jupiter Securities is a 100%-owned subsidiary of Malaysia JV HoldCo and will be the operating company for the stockbroking business of the CGS-CIMB JV in Malaysia. The consideration for the Proposed Business Transfer will be satisfied in cash, and is subject to completion audit adjustment, if any.

On 9 May 2019, the Group announced that the High Court of Malaya has granted the necessary court orders for the Proposed Business Transfer with effective from 1 July 2019.

On 28 June 2019, the Group announced the completion of the Proposed MY Share Subscription. The proceeds from the subscription was utilised to satisfy the purchase consideration in connection with the Proposed Business Transfer, which was effective on 1 July 2019. This new JV was rebranded as "CGS-CIMB Securities" on the effective date.

The partnership agreement incorporated two put and call options for CGI to acquire CIMB's stake in the CGS-CIMB JV over a period of time.

On 7 December 2021, CIMBG completed the sale of 24.99% and 25% of its shareholding in CGS-CIMB Securities International Pte Ltd ("CSI") and CGS-CIMB Holdings Sdn Bhd ("CCH") respectively to China Galaxy International Financial Holdings Limited ("CGI") pursuant to the first call option exercised by CGI. The proceeds of sale amounted to USD170.5 million (or equivalent to RM720.7 million), subject to completion audit adjustments (if any). CSI and CCH are the holding companies of the Group's stockbroking joint venture ("JV") with China Galaxy Securities, known as CGS-CIMB Securities. CIMB Group's interest in CSI and CCH reduced from 50% to 25.01% and 50% to 25% for CSI and CCH respectively, and they are reclassified from investment in JV to associates with effect from 7 December 2021. There is no material financial impact arising from the disposal of joint ventures.

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16 INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Details of material joint venture (Continued):

(v) TNG Digital Sdn Bhd ("TNGD")

On 27 January 2021, Bow Wave Capital Management ("Bow Wave"), a New York-based investment firm had completed the subscription of new ordinary shares in TNGD, a subsidiary of TnG. Following the investment by Bow Wave, TnG's shareholding in TNGD diluted from 51.0% to 47.0%. Consequently, TNGD ceased to be a subsidiary of TnG and has become the joint venture of the Group, where decisions about key activities require unanimous consent of both parties in the joint venture arrangement.

On 30 July 2021, AIA Berhad ("AIA") had completed the subscription of new ordinary shares in TNGD ("Tranche 1"). Following the Tranche 1 investment by AIA, TnG's shareholding in TNGD has further diluted from 47.0% to 46.1%.

On 1 November 2021, AIA had completed the subscription of additional new ordinary shares in TNGD ("Tranche 2"). Following the further Tranche 2 shares subscription by AIA, TnG's shareholding in TNGD has further diluted from 46.1% to 45.2%. There is no material financial impact arising from the dilution of interest in the joint ventures.

On 22 July 2022, Lazada Group ("Lazada") and TnG had completed the subscription of new ordinary shares in TNGD, raising a total of RM752.2 million. Following the investment by Lazada and further shares subscription by TnG, TnG's shareholding in TNGD has further diluted from 45.2% to 45.01%. There is no material financial impact arising from the dilution of interest in the joint ventures.

Impairment test of Investment in Joint Ventures

As at 31 December 2023, the net assets of PAM and TNGD were significantly below its carrying amount. Accordingly, the Group had undertaken an impairment test on the carrying amount of the investments in PAM and TNGD.

PAM

The recoverable amount of the investment in PAM was determined based on the fair value less costs of disposal. The fair value was determined based on the Price/Assets Under Management (AUM) multiples. The fair value measurement was categorised within level 3 of the fair value hierarchy. No impairment is required as the fair value less costs of disposal was in excess of the carrying amount. Further sensitivity tests have been performed and the estimated recoverable amount will be equal to the carrying value under the assumptions when the multiple is stressed by 17.6% (2022: 8.9%) while all other assumptions remained constant.

TNGD

The recoverable amount of the investment in TNGD was determined based on the fair value less costs of disposal. The fair value was determined based on the recent transacted price in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal. The fair value of the investment was the product of the number of shares held and the fair value at the date of assessment. The fair value measurement was categorised within level 3 of the fair value hierarchy. No impairment is required as the fair value less costs of disposal was in excess of the carrying amount. Impairment will not be triggered until a decline of more than 23% (2022: 16%) in fair value has occurred.

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16 INVESTMENT IN JOINT VENTURES (CONTINUED)

(c) **The summarised financial information below represents amounts shown in the material joint venture's Financial Statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).**

	PCSB		PAM		TNG Digital Sdn Bhd	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Non-current assets	**4,037,848**	3,173,198	**490,957**	485,488	**125,707**	104,944
Current assets	**764,156**	710,476	**1,003,064**	982,782	**1,643,303**	1,415,738
Current liabilities (non-trade)	**(4,479,316)**	(3,550,149)	**(622,401)**	(527,273)	**(1,185,313)**	(744,926)
Non-current liabilities (non-trade)	**(18,066)**	(7,714)	**(4,404)**	(8,784)	**–**	–
Net assets	**304,622**	325,811	**867,216**	932,213	**583,697**	775,756
The above amounts of assets and liabilities include the following:						
Cash and cash equivalents	**31,176**	13,741	**672,549**	404,796	**1,318,023**	1,305,299
Revenue	**169,717**	153,438	**386,876**	400,121	**276,511**	165,218
(Loss)/profit for the financial year	**(21,189)**	33,498	**87,216**	120,210	**(192,059)**	(207,743)
Other comprehensive income for the financial year	**–**	–	**9,787**	4,335	**–**	–
Total comprehensive (expense)/income for the financial year	**(21,189)**	33,498	**97,003**	124,545	**(192,059)**	(207,743)
The above profit/(loss) for the financial year include the following:						
Interest income	**198,800**	134,239	**5,409**	2,849	**40,859**	20,346
Interest expense	**(108,753)**	(58,662)	**(256)**	(314)	**(266)**	(211)
Taxation	**3,973**	(9,784)	**(22,650)**	(20,545)	**–**	–
Dividend received from joint ventures	**–**	5,000	**64,800**	56,400	**–**	–

Notes to the Financial Statements

for the financial year ended 31 December 2023

16 INVESTMENT IN JOINT VENTURES (CONTINUED)

(d) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint venture recognised in the consolidated financial statements:

	PCSB		PAM		TNG Digital Sdn Bhd	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
At 1 January	**325,811**	302,313	**932,213**	948,668	**775,756**	231,265
Additions during the year	**–**	–	**–**	–	**–**	752,234
(Loss)/profit for the financial year	**(21,189)**	33,498	**87,216**	120,210	**(192,059)**	(207,743)
Other comprehensive expense	**–**	–	**9,787**	4,335	**–**	–
Dividend payment	**–**	(10,000)	**(162,000)**	(141,000)	**–**	–
At 31 December	**304,622**	325,811	**867,216**	932,213	**583,697**	775,756
Interest in joint venture (%)	**50%**	50%	**40%**	40%	**45.01%**	45%
Interest in joint venture	**152,311**	162,906	**346,886**	372,885	**262,722**	349,167
Goodwill	**–**	–	**522,834**	522,834	**1,010,963**	1,010,963
Carrying value	**152,311**	162,906	**869,720**	895,719	**1,273,685**	1,360,130

(e) Aggregate information of joint ventures that are not individually material:

	2023 RM'000	**2022 RM'000**
The Group's share of profit for the financial year	**3,240**	2,650
The Group's share of other comprehensive expense for the financial year	**(61)**	(11)
The Group's share of total comprehensive income for the financial year	**3,179**	2,639
Aggregate carrying amount of the Group's interest in these joint ventures	**6,650**	6,466

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for the financial year ended 31 December 2023

17 PROPERTY, PLANT AND EQUIPMENT

The Group 2023	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, work-in-progress, office equipment, plant and machinery and furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Total RM'000
Cost									
At 1 January		255,550	1,311,025	31,685	4,118	1,929,289	1,096,165	57,146	4,684,978
Additions		-	-	-	-	234,030	100,302	3,904	338,236
Disposals/Written off		-	(774)	-	-	(181,310)	(96,723)	(3,802)	(282,609)
Transfer/reclassifications		2,907	70,084	-	-	(81,956)	8,965	-	-
Reclassified (to)/from intangible assets	21	-	-	-	-	541	(697)	-	(156)
Reclassified to investment properties	19	(1,110)	(4,028)	-	-	-	-	-	(5,138)
Impairment		-	-	-	-	(2,866)	(198)	-	(3,064)
Exchange fluctuation		11,124	32,529	1,574	-	65,802	12,717	1,395	125,141
At 31 December		268,471	1,408,836	33,259	4,118	1,963,530	1,120,531	58,643	4,857,388
Accumulated depreciation and impairment									
At 1 January		4,799	493,077	10,839	3,848	1,179,156	889,512	47,866	2,629,097
Charge for the financial year		-	44,037	929	72	152,811	109,870	3,298	311,017
Other reclassifications		-	-	(202)	(23)	-	-	-	(225)
Disposals/Written off		-	(773)	-	-	(100,221)	(95,962)	(3,793)	(200,749)
Reversal of impairment		(2,424)	(187)	-	-	(2,632)	(182)	-	(5,425)
Reclassified to investment properties	19	-	(2,380)	-	-	-	-	-	(2,380)
Exchange fluctuation		250	22,533	543	-	36,081	10,377	974	70,758
At 31 December		2,625	556,307	12,109	3,897	1,265,195	913,615	48,345	2,802,093
Net book value at 31 December 2023		265,846	852,529	21,150	221	698,335	206,916	10,298	2,055,295

Notes to the Financial Statements

for the financial year ended 31 December 2023

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group 2022	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, work-in-progress, office equipment, plant and machinery and furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Total RM'000
Cost									
At 1 January		253,734	1,328,533	32,634	4,118	1,951,114	1,049,582	59,701	4,679,416
Additions		301	–	–	–	257,028	89,124	4,107	350,560
Disposals/Written off		(6,648)	(1,230)	–	–	(243,093)	(50,289)	(8,520)	(309,780)
Transfer/reclassifications		13,197	(3,591)	–	–	(12,090)	938	1,546	–
Reclassified (to)/from intangible assets	21	–	–	–	–	(5,135)	515	–	(4,620)
Exchange fluctuation		(5,034)	(12,687)	(949)	–	(18,535)	6,295	312	(30,598)
At 31 December		255,550	1,311,025	31,685	4,118	1,929,289	1,096,165	57,146	4,684,978
Accumulated depreciation and impairment loss									
At 1 January		4,729	465,080	10,166	3,796	1,247,733	826,873	52,063	2,610,440
Charge for the financial year		–	37,954	915	75	152,265	106,043	3,665	300,917
Disposals/Written off		–	(1,008)	(202)	(23)	(209,960)	(48,267)	(8,198)	(267,658)
Transfer/reclassifications		–	105	259	–	(364)	–	–	–
Exchange fluctuation		70	(9,054)	(299)	–	(10,518)	4,863	336	(14,602)
At 31 December		4,799	493,077	10,839	3,848	1,179,156	889,512	47,866	2,629,097
Net book value at 31 December 2022		250,751	817,948	20,846	270	750,133	206,653	9,280	2,055,881

Work-in-progress amounted to RM277,553,079 (2022: RM324,277,541) for the Group.

Notes to the Financial Statements
for the financial year ended 31 December 2023

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Buildings on leasehold land 50 years or more RM'000	Renovations, work-in-progress, office equipment and furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Total RM'000
2023					
Cost					
At 1 January/31 December	**450**	**671**	**6**	**2,216**	**3,343**
Accumulated depreciation					
At 1 January	**448**	**577**	**6**	**2,046**	**3,077**
Charge for the financial year	**–**	**9**	**–**	**127**	**136**
Written off	**2**	**(46)**		**43**	**(1)**
At 31 December	**450**	**540**	**6**	**2,216**	**3,212**
Net book value at 31 December 2023	**–**	**131**	**–**	**–**	**131**
2022					
Cost					
At 1 January/31 December	450	671	6	2,216	3,343
Accumulated depreciation					
At 1 January	448	568	6	1,908	2,930
Charge for the financial year	–	9	–	138	147
At 31 December	448	577	6	2,046	3,077
Net book value at 31 December 2022	2	94	–	170	266

Notes to the Financial Statements

for the financial year ended 31 December 2023

18 RIGHT-OF-USE ASSETS

Carrying amount of Right-of-use assets by class of underlying assets are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Buildings	**477,794**	520,546	**–**	–
Leasehold land	**50,138**	59,661	**430**	430
Computer equipment	**130,241**	19,645	**–**	–
Motor vehicles	**389**	550	**–**	–
	658,562	600,402	**430**	430

Additions to the right-of-use assets and depreciation charge during the financial year for the Group and the Company are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Additions	**227,969**	95,878	**–**	–
Impairment:				
Buildings	**–**	731	**–**	–
Charge for the financial year:				
Buildings	**167,841**	178,120	**–**	–
Leasehold land	**9,298**	9,739	**–**	–
Computer equipment	**31,149**	27,418	**–**	–
Motor vehicles	**560**	446	**–**	–
	208,848	215,723	**–**	–

Short-term leases expenses, low-value leases expenses and variable lease payments expenses that are not included in lease liabilities for the Group and the Company are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term lease expenses	**91,352**	96,665	**–**	–
Low-value lease expenses	**6,034**	6,262	**–**	–
Variable lease payment expenses	**48,726**	61,473	**–**	–

Notes to the Financial Statements

for the financial year ended 31 December 2023

19 INVESTMENT PROPERTIES

	Note	Leasehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
The Group				
2023				
At 1 January		**–**	**–**	**–**
Reclassified from property, plant and equipment	17	**1,110**	**1,648**	**2,758**
Fair value at 31 December		**1,110**	**1,648**	**2,758**

	Leasehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
The Company			
2023			
Cost			
At 1 January / 31 December	**235**	**561**	**796**
Accumulated depreciation			
At 1 January	**–**	**469**	**469**
Charge for the financial year	**–**	**18**	**18**
At 31 December	**–**	**487**	**487**
Net book value at 31 December 2023	**235**	**74**	**309**
Fair value at 31 December 2023			**2,400**
2022			
Cost			
At 1 January / 31 December	235	561	796
Accumulated depreciation			
At 1 January	–	451	451
Charge for the financial year	–	18	18
At 31 December	–	469	469
Net book value at 31 December 2022	235	92	327
Fair value at 31 December 2022	1,520	1,280	2,800

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

In 2023, the fair value for investment properties was revalued as a whole, without separate valuation for buildings and land.

Notes to the Financial Statements

for the financial year ended 31 December 2023

20 GOODWILL

	The Group	
	2023 RM'000	**2022 RM'000**
Cost		
At 1 January	**7,597,637**	7,659,297
Goodwill arising from business combinations:		
– Arising from the acquisition of CIMB AI Lab	**–**	6,311
Exchange fluctuation	**93,508**	(67,971)
At 31 December	**7,691,145**	7,597,637
Impairment		
At 1 January/31 December	**(1,215,197)**	(1,215,197)
Net book value at 31 December	**6,475,948**	6,382,440

ALLOCATION OF GOODWILL TO CASH-GENERATING-UNITS

Goodwill has been allocated to the following cash-generating-units ("CGUs"). These CGUs do not carry any intangible assets with indefinite useful lives:

	2023 RM'000	**2022 RM'000**
CGU		
Consumer Banking		
Retail Finance Services	**1,262,272**	1,262,272
Islamic Banking	**136,000**	136,000
Group Cards	**425,803**	425,803
Commercial Banking	**911,000**	911,000
Wholesale Banking		
Corporate Banking	**419,000**	419,000
Treasury	**537,000**	537,000
Foreign Banking Operations		
Indonesia	**2,578,349**	2,578,349
Thailand	**198,339**	198,339
Others		
Touch 'n Go	**51,082**	51,082
CIMB AI Lab	**6,311**	6,311
Exchange fluctuation	**(49,208)**	(142,716)
	6,475,948	6,382,440

In respect to the foreign banking operation in Indonesia, goodwill is allocated to the following CGUs; Consumer Banking, Commercial Banking, Wholesale Banking and Group Funding of RM579,993,000, RM740,297,000, RM849,704,000 and RM408,355,000 respectively, as at 31 December 2022 and 31 December 2023.

In respect to the foreign banking operation in Thailand, goodwill is allocated to the following CGUs; Consumer Banking and Wholesale Banking of RM51,165,000 and RM147,174,000 respectively, as at 31 December 2022 and 31 December 2023.

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for the financial year ended 31 December 2023

20 GOODWILL (CONTINUED)

ALLOCATION OF GOODWILL TO CASH-GENERATING-UNITS (CONTINUED)

Impairment test for goodwill

Value-in-use

The recoverable amount of CGU is determined based on the value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2024 financial budgets approved by the Board of Directors, projected for four years based on the average historical Gross Domestic Product ("GDP") growth of the country covering a four-year period (2024-2027), revised for current economic conditions. Cash flows beyond the four years period are extrapolated using the estimated terminal growth rates and discounted using pre-tax discount rates which reflect the specific risks relating to the CGU. The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments.

The estimated terminal growth rates and discount rates used for value-in-use calculations are as follows:

	2023		2022	
	Terminal Growth rate	**Discount rate**	**Terminal Growth rate**	**Discount rate**
Malaysia				
Retail Finance Services	**4.16%**	**10.36%**	3.83%	11.29%
Islamic Banking	**4.16%**	**10.36%**	3.83%	11.29%
Group Cards	**4.16%**	**10.36%**	3.83%	11.29%
Commercial Banking	**4.16%**	**10.36%**	3.83%	11.29%
Corporate Banking	**4.16%**	**10.36%**	3.83%	11.29%
Treasury	**4.16%**	**10.36%**	3.83%	11.29%
Foreign banking operations:				
Indonesia				
Wholesale Banking	**4.27%**	**15.08%**	4.34%	15.70%
Commercial Banking	**4.27%**	**15.08%**	4.34%	15.70%
Group Funding	**4.27%**	**15.08%**	4.34%	15.70%
Consumer Banking	**4.27%**	**15.08%**	4.34%	15.70%
Thailand				
Wholesale Banking	**1.88%**	**9.33%**	2.34%	9.95%
Consumer Banking	**1.88%**	**9.33%**	2.34%	9.95%
Others	**4.16%**	**10.36%**	3.83%	11.29%

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Notes to the Financial Statements
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21 INTANGIBLE ASSETS

The Group	Note	Customer relationship RM'000	Core deposits RM'000	Computer software and work-in-progress RM'000	Total RM'000
2023					
Cost					
At 1 January		**210,915**	**1,348,558**	**5,685,062**	**7,244,535**
Additions during the financial year		**–**	**–**	**573,050**	**573,050**
Disposals/write off during the financial year		**–**	**–**	**(179,487)**	**(179,487)**
Net reclassification from property, plant and equipment	17	**–**	**–**	**156**	**156**
Exchange fluctuation		**–**	**–**	**111,114**	**111,114**
At 31 December		**210,915**	**1,348,558**	**6,189,895**	**7,749,368**
Accumulated amortisation and impairment					
At 1 January		**210,915**	**1,348,558**	**3,886,550**	**5,446,023**
Amortisation during the financial year		**–**	**–**	**486,784**	**486,784**
Impairment during the financial year		**–**	**–**	**(4,190)**	**(4,190)**
Disposals/write off during the financial year		**–**	**–**	**(171,542)**	**(171,542)**
Exchange fluctuation		**–**	**–**	**77,326**	**77,326**
At 31 December		**210,915**	**1,348,558**	**4,274,928**	**5,834,401**
Net book value at 31 December 2023		**–**	**–**	**1,914,967**	**1,914,967**

Notes to the Financial Statements
for the financial year ended 31 December 2023

21 INTANGIBLE ASSETS (CONTINUED)

The Group	Note	Customer relationship RM'000	Core deposits RM'000	Computer software and work-in-progress RM'000	Total RM'000
2022					
Cost					
At 1 January		210,915	1,348,558	5,153,340	6,712,813
Additions during the financial year		–	–	549,941	549,941
Disposals/write off during the financial year		–	–	(3,951)	(3,951)
Net reclassification from property, plant and equipment	17	–	–	4,620	4,620
Exchange fluctuation		–	–	(18,888)	(18,888)
At 31 December		210,915	1,348,558	5,685,062	7,244,535
Accumulated amortisation and impairment					
At 1 January		210,915	1,348,558	3,295,870	4,855,343
Amortisation during the financial year		–	–	595,649	595,649
Disposals/write off during the financial year		–	–	(2,814)	(2,814)
Exchange fluctuation		–	–	(2,155)	(2,155)
At 31 December		210,915	1,348,558	3,886,550	5,446,023
Net book value at 31 December 2022		–	–	1,798,512	1,798,512

The above intangible assets include software under construction at cost of RM689,997,385 (2022: RM408,133,554).

The valuation of customer relationship was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing credit card, revolving credit, overdraft and trade finance loan base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 9.9%-10.0%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

The valuation of core deposits acquired in a business combination was derived by discounting the anticipated future benefits from core deposits. The discount rate used was 8.0%-8.4%, which was derived from the average of the weighted average cost of capital and the cost of equity, reflecting the lower risk premium for core deposit intangibles compared with equity returns.

The remaining amortisation period of the intangible assets with finite life is as follows:

Computer software	1 month – 15 years

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22 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	The Group	
	2023 RM'000	**2022 RM'000**
Demand deposits	**121,302,721**	108,507,497
Savings deposits	**81,773,812**	73,784,622
Fixed deposits	**174,767,273**	165,541,568
Negotiable instruments of deposit	**532,709**	648,944
Short term money market deposit	**84,284,007**	83,804,199
Others	**781,570**	663,153
	463,442,092	432,949,983

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
Due within six months	**140,539,430**	127,698,171
Six months to less than one year	**31,737,137**	30,874,784
One year to less than three years	**2,121,813**	6,685,799
Three years to less than five years	**901,602**	931,758
	175,299,982	166,190,512

(ii) By type of customer

	The Group	
	2023 RM'000	**2022 RM'000**
Government and statutory bodies	**14,681,556**	15,005,285
Business enterprises	**167,361,930**	166,281,466
Individuals	**209,954,057**	181,284,793
Others	**71,444,549**	70,378,439
	463,442,092	432,949,983

Notes to the Financial Statements
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23 INVESTMENT ACCOUNTS OF CUSTOMERS

		The Group	
	Note	2023 RM'000	2022 RM'000
Unrestricted investment accounts	58(p)	**18,984,125**	13,684,632

24 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	2023 RM'000	2022 RM'000
Licensed banks	**29,794,511**	26,849,917
Licensed finance companies	**2,399,926**	2,619,660
Licensed investment banks	**561,288**	665,768
Bank Negara Malaysia ("BNM")	**1,338,864**	1,270,997
Other financial institutions	**6,188,630**	2,782,907
	40,283,219	34,189,249

The maturity structure of deposits and placements of banks and other financial institutions is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Due within six months	**36,870,021**	31,178,062
Six months to less than one year	**1,184,435**	1,015,042
One year to less than three years	**1,491,837**	695,664
Three years to five years	**41,915**	652,571
More than five years	**695,011**	647,910
	40,283,219	34,189,249

Included in deposits and placements by BNM are amounts received by the Group under government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME lending/financing at below market rate with a maturity period ranging between 2.5 to 7.7 years.

Notes to the Financial Statements
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25 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2023 RM'000	2022 RM'000
Deposits from customers – structured investments	**9,737,938**	8,371,927
Debentures	**748,117**	655,323
Bills payable	**1,943,183**	2,036,603
	12,429,238	11,063,853

The Group has issued structured investments, bills payable and debentures, and has designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch and this is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of financial liabilities designated at fair value through profit or loss of the Group as at 31 December 2023 were RM423,812,000 (2022: RM419,865,000) lower than the contractual amount at maturity for the structured investments, RM1,478,000 (2022: RM9,259,000) higher than the contractual amount at maturity for the debentures and RM207,511,000 (2022: RM280,465,000) higher than the contractual amount at maturity for the bills payable.

26 OTHER LIABILITIES

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Due to brokers		**20,358**	6,172	**–**	–
Expenditure payable		**3,331,214**	3,288,500	**3,065**	12,192
Provision for legal claims		**50,251**	51,355	**–**	–
Sundry creditors		**1,711,448**	1,435,198	**70**	570
Treasury related payables		**1,420,602**	2,077,477	**–**	–
Settlement accounts		**1,054,718**	794,621	**–**	–
Structured deposits		**6,027,035**	6,041,649	**–**	–
Expected credit losses for loan commitments and financial guarantee contracts	(a)	**668,452**	816,365	**–**	–
Post employment benefit obligations	29	**469,861**	418,861	**–**	–
Credit card expenditure payable		**310,387**	265,135	**–**	–
Collateral pledged for derivative transactions		**4,058,960**	6,200,556	**–**	–
Prepayment		**543,252**	552,426	**–**	–
Others*		**3,012,584**	3,212,323	**–**	–
		22,679,122	25,160,638	**3,135**	12,762

* *Included in Others is deferred income of a subsidiary's preferred partnership with insurance company amounting to RM1,373 million (2022: RM1,456 million).*

Notes to the Financial Statements

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26 OTHER LIABILITIES (CONTINUED)

(a) The movements in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

	The Group			
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**367,055**	**138,749**	**310,561**	**816,365**
Changes in expected credit losses due to transfer within stages:	**126,832**	**(114,282)**	**(12,550)**	**–**
Transferred to Stage 1	**156,111**	**(146,116)**	**(9,995)**	**–**
Transferred to Stage 2	**(28,954)**	**69,801**	**(40,847)**	**–**
Transferred to Stage 3	**(325)**	**(37,967)**	**38,292**	**–**
Total charge to Statement of Income:	**(92,582)**	**46,253**	**(128,592)**	**(174,921)**
New exposures	**198,645**	**4,967**	**18**	**203,630**
Exposures derecognised or matured	**(175,411)**	**(16,487)**	**(82,955)**	**(274,853)**
Change in credit risk	**(115,816)**	**57,773**	**(45,655)**	**(103,698)**
Exchange fluctuation	**14,741**	**1,275**	**4,357**	**20,373**
Other movements	**(781)**	**1,129**	**6,287**	**6,635**
At 31 December 2023	**415,265**	**73,124**	**180,063**	**668,452**
At 1 January 2022	408,101	169,537	203,863	781,501
Changes in expected credit losses due to transfer within stages:	80,087	(94,848)	14,761	–
Transferred to Stage 1	99,868	(93,391)	(6,477)	–
Transferred to Stage 2	(19,592)	39,753	(20,161)	–
Transferred to Stage 3	(189)	(41,210)	41,399	–
Total charge to Statement of Income:	(118,802)	63,973	85,585	30,756
New exposures	251,323	4,203	2,255	257,781
Exposures derecognised or matured	(135,529)	(28,064)	(38,978)	(202,571)
Change in credit risk	(234,596)	87,834	122,308	(24,454)
Exchange fluctuation	(2,737)	(8)	630	(2,115)
Other movements	406	95	5,722	6,223
At 31 December 2022	367,055	138,749	310,561	816,365

As at 31 December 2023, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM327,470,000 (2022: RM501,338,000).

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for the financial year ended 31 December 2023

27 LEASE LIABILITIES

	The Group	
	2023 RM'000	2022 RM'000
Buildings	**404,026**	461,222
Computer equipment	**143,346**	38,353
Motor vehicles	**1,249**	563
	548,621	500,138

28 RECOURSE OBLIGATION ON LOANS AND FINANCING SOLD TO CAGAMAS

This represents the proceeds received from housing loans and Islamic house financing sold directly to Cagamas Berhad with recourse to the Group. Under these agreements, the Group undertakes to administer the loans and financing on behalf of Cagamas Berhad and to buy-back any loans and financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

29 POST EMPLOYMENT BENEFIT OBLIGATIONS

		The Group	
	Note	2023 RM'000	2022 RM'000
Defined contribution plan – EPF	(a)	**53,811**	46,691
Defined benefit plans	(b)	**416,050**	372,170
		469,861	418,861

(a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

(b) Defined benefit plans

The Group operates final salary defined benefit plans for its employees in Indonesia and Thailand under Labor Law of respectively countries, the assets of which are held in separate trustee-administered funds that are governed by local authorities and practice in each country. The plan calls for benefits to be paid to eligible employee at retirement or when the employees resign. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The majority of benefits payments are from trustee-administrated funds; however, there are also a number of unfunded plans where the company meets the benefit payment obligation as it falls due.

The latest actuarial valuations of the plans in Indonesia and Thailand were carried out in 2023.

Notes to the Financial Statements
for the financial year ended 31 December 2023

29 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

The amount recognised in the statements of financial position in respect of defined benefit plans is as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
Present value of funded obligations	**380,472**	344,254
Fair value of plan assets	**(174,224)**	(163,591)
Status of funded plan	**206,248**	180,663
Present value of unfunded obligations	**209,802**	191,507
Status of defined benefit pension plans	**416,050**	372,170
Liability in statement of financial position	**416,050**	372,170

The movements in the defined benefit obligation over the financial year are as follows:

The Group	**Present value of obligations RM'000**	**Fair value of plan assets RM'000**	**Total RM'000**	**Impact of minimum funding requirement/ asset ceiling RM'000**	**Total RM'000**
At 1 January 2023	**535,761**	**(163,591)**	**372,170**	**–**	**372,170**
Current service costs	**42,228**	**–**	**42,228**	**–**	**42,228**
Over provision in prior year	**(429)**	**–**	**(429)**	**–**	**(429)**
Interest expense/(income)	**32,363**	**(12,492)**	**19,871**	**–**	**19,871**
Others	**122**	**–**	**122**	**–**	**122**
Components of defined benefits costs recognised in statement of income (Note 41)	**74,284**	**(12,492)**	**61,792**	**–**	**61,792**
Remeasurement:					
– Return on plan assets, excluding amounts included in interest expense	**–**	**6,612**	**6,612**	**–**	**6,612**
– Gain from changes in demographic assumptions	**(408)**	**–**	**(408)**	**–**	**(408)**
– Loss from changes in financial assumptions	**14,641**	**–**	**14,641**	**–**	**14,641**
– Experience gains	**(6,611)**	**–**	**(6,611)**	**–**	**(6,611)**
Components of defined benefits costs recognised in statement of comprehensive expense	**7,622**	**6,612**	**14,234**	**–**	**14,234**
Exchange fluctuation	**29,572**	**(9,316)**	**20,256**	**–**	**20,256**
Contributions:					
– Employer contributions	**–**	**(980)**	**(980)**	**–**	**(980)**
– Plan participant	**–**	**(26,002)**	**(26,002)**	**–**	**(26,002)**
Receivables	**–**	**–**	**–**	**–**	**–**
Payments from plans – benefits paid	**(56,965)**	**31,545**	**(25,420)**	**–**	**(25,420)**
At 31 December 2023	**590,274**	**(174,224)**	**416,050**	**–**	**416,050**

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for the financial year ended 31 December 2023

29 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

The movements in the defined benefit obligation over the financial year are as follows (Continued):

The Group	Present value of obligations RM'000	Fair value of plan assets RM'000	Total RM'000	Impact of minimum funding requirement/ asset ceiling RM'000	Total RM'000
At 1 January 2022	599,505	(171,859)	427,646	–	427,646
Current service costs	32,934	–	32,934	–	32,934
Over provision in prior year	(56,939)	–	(56,939)	–	(56,939)
Interest expense/(income)	28,606	(13,435)	15,171	–	15,171
Components of defined benefits costs recognised in statement of income (Note 41)	4,601	(13,435)	(8,834)	–	(8,834)
Remeasurement:					
– Return on plan assets, excluding amounts included in interest expense	–	3,643	3,643	–	3,643
– Loss from changes in demographic assumptions	13,455	–	13,455	–	13,455
– Gain from changes in financial assumptions	(13,605)	–	(13,605)	–	(13,605)
– Experience gains	(3,144)	–	(3,144)	–	(3,144)
Components of defined benefits costs recognised in statement of comprehensive (income)/expense	(3,294)	3,643	349	–	349
Exchange fluctuation	(9,211)	6,004	(3,207)	–	(3,207)
Contributions:					
– Employer contributions	–	(960)	(960)	–	(960)
– Plan participant	–	(26,764)	(26,764)	–	(26,764)
Receivables	(326)	–	(326)	–	(326)
Payments from plans – benefits paid	(55,514)	39,780	(15,734)	–	(15,734)
At 31 December 2022	535,761	(163,591)	372,170	–	372,170

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The significant principal actuarial assumptions used in respect of the Group's defined benefit plans are as follows:

	2023		2022	
The Group	**Thailand %**	**Indonesia %**	**Thailand %**	**Indonesia %**
Discount rates	**3.10**	**6.70**	3.60	7.30
Expected return on plan assets	**N/A**	**6.70**	N/A	7.30
Future salary increases	**5.00**	**6.00**	5.00	6.00
Rate of price inflation – other fixed allowance	**2.00**	**N/A**	2.00	N/A

Notes to the Financial Statements
for the financial year ended 31 December 2023

29 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

		Impact on defined benefit obligation	
2023	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rates	**0.5% – 1%**	**Decreased by 12.7%**	**Increased by 6.2%**
Expected return on plan assets	**1.0%**	**Decreased by 0.4%**	**Increased by 0.4%**
Future salary increases	**1.0%**	**Increased by 8.2%**	**Decreased by 14.6%**

		Impact on defined benefit obligation	
2022	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rates	0.5% – 1%	Decreased by 12.7%	Increased by 5.2%
Expected return on plan assets	1.0%	Decreased by 0.5%	Increased by 0.4%
Future salary increases	1.0%	Increased by 7.3%	Decreased by 14.7%

Projected unit credit method is used in calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The Group's plan assets are comprised as follows:

	The Group					
	2023			2022		
	Quoted RM'000	Unquoted RM'000	Total RM'000	Quoted RM'000	Unquoted RM'000	Total RM'000
Equity instruments (by geography)						
Indonesia	**33,404**	**49,149**	**82,553**	32,665	46,503	79,168
Debt instruments (by type)						
Government bonds	**55,803**	**–**	**55,803**	53,510	–	53,510
Corporate bonds (investment grade)	**7,433**	**–**	**7,433**	4,028	–	4,028
Cash and cash equivalent	**–**	**15,122**	**15,122**	–	11,359	11,359
Mutual funds	**3,603**	**–**	**3,603**	7,729	–	7,729
Others	**–**	**9,710**	**9,710**	–	7,797	7,797
	100,243	**73,981**	**174,224**	97,932	65,659	163,591

The expected contribution to post employment benefits plan for the financial year ending 31 December 2024 is RM27,286,000 to the Group.

The weighted average duration of the defined benefit obligation is 10.0 years (2022: 10.4 years).

Expected maturity analysis of undiscounted defined benefits plans:

	Less than a year RM'000	Between 1-2 years RM'000	Between 2-5 years RM'000	Over 5 years RM'000	Total RM'000
2023					
Defined benefits plan	**45,640**	**28,700**	**194,459**	**1,441,096**	**1,709,895**
2022					
Defined benefits plan	44,953	23,345	170,339	1,290,938	1,529,575

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30 BONDS, SUKUK AND DEBENTURES

	Note	The Group 2023 RM'000	The Group 2022 RM'000
Merdeka Kapital (2017/2024)	(a)	**384,165**	458,597
RM1.2 billion notes (2017/2024)	(b)	**1,206,352**	1,206,201
RM800 million notes (2017/2027)	(b)	**804,327**	804,224
THB Structured debentures	(c)	**168,135**	202,429
THB Short term debentures	(c)	**378,284**	144,814
IDR1,021,000 million bonds (Series A: 2018/2019; Series B: 2018/2021; Series C: 2018/2023)	(d)	**–**	33,338
USD88 million notes (2019/2024)	(e)	**404,770**	387,144
USD30 million notes (2019/2024)	(f)	**139,557**	133,072
HKD200 million notes (2019/2024)	(g)	**107,508**	107,454
USD20 million notes (2019/2024)	(h)	**92,546**	88,436
USD680 million notes (2019/2024)	(i)	**3,166,913**	3,017,425
IDR2,000,000 million Sukuk (Series A: 2019/2020; Series B: 2019/2022, Series C: 2019/2024)	(j)	**128,940**	121,883
IDR1,823,000 million bonds (Series A: 2019/2020; Series B: 2019/2022, Series C: 2019/2024)	(k)	**143,558**	135,684
IDR1,000,000 million bonds (Series A: 2020/2021; Series B: 2020/2023; Series C: 2020/2025)	(l)	**116,489**	191,095
USD20 million notes (2021/2026)	(m)	**92,049**	88,068
HKD610 million notes (2021/2024)	(n)	**324,629**	324,542
USD20 million notes (2021/2026)	(o)	**92,345**	88,350
HKD640 million notes (2021/2026)	(p)	**349,715**	349,623
HKD128 million notes (2021/2026)	(q)	**70,127**	70,138
USD500 million notes (2022/2027)	(r)	**2,311,352**	2,210,085
IDR1,000,000 million bonds (Series A: 2023/2024; Series B: 2023/2026)	(s)	**299,932**	–
RM14 million MTN (2023/2024)	(t)	**13,748**	–
RM19 million MTN (2023/2024)	(u)	**18,642**	–
USD130 million notes (2023/2028)	(v)	**603,194**	–
RM17 million MTN (2023/2024)	(w)	**16,627**	–
USD30 million notes (2023/2024)	(x)	**137,781**	–
USD100 million notes (2023/2026)	(y)	**470,696**	–
RM100 million Senior Sukuk (2023/2026)	(z)	**100,346**	–
RM600 million Senior Sukuk (2023/2028)	(aa)	**602,115**	–
RM300 million Senior Sukuk (2023/2030)	(ab)	**301,134**	–
		13,045,976	10,162,602
		(124,934)	(244,393)
Fair value changes arising from fair value hedges		**12,921,042**	9,918,209

Notes to the Financial Statements

for the financial year ended 31 December 2023

30 BONDS, SUKUK AND DEBENTURES (CONTINUED)

(a) Merdeka Kapital

On 31 March 2017, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank, issued RM880 million Medium Term Note (the "MTN") which bears a coupon rate of 3.92% per annum payable on monthly basis. The MTN is subject to monthly redemption with final redemption due on 28 March 2024. During the financial year, there is a partial redemption of the MTN amounting to RM74.4 million (2022: RM74.4 million).

CIMB Bank has undertaken fair value hedge on the interest rate risk of the MTN using interest rate swaps.

(b) RM1.2 billion notes and RM800 million notes

On 18 May 2017, CIMB Bank issued RM1.2 billion 7-year medium term notes (the "MTN") and RM800.0 million 10-year MTN under its senior medium term notes programme of RM20.0 billion in nominal value. The MTNs will mature on 17 May 2024 and 18 May 2027 respectively and bear coupon rates of 4.60% per annum and 4.70% per annum respectively, payable semi-annually.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the MTN using interest rate swaps.

(c) Structured debentures and short term debentures

i. In 2023, CIMB Thai issued various unsecured structured debentures amounted to THB948.5 million with tenures ranging between 1 month to 3 years from the respective issuance dates. It bears variable interest rates, payable at respective maturity dates.

   During the financial year, CIMB Thai Bank has redeemed unsecured short term debentures amounted to THB1.3 billion.

ii. In 2023, CIMB Thai issued various unsecured short term debentures amounted to THB20.1 billion with tenures ranging between 9 to 12 months. The debentures carry fixed interest rates ranging between 2.05% to 2.50%, payable at respective maturity dates.

   During the financial year, CIMB Thai Bank has redeemed unsecured short term debentures amounted to THB18.5 billion.

(d) IDR1,021,000 million bonds

On 20 September 2018, CIMB Niaga issued IDR1,021,000 million bonds. The bonds are divided into three series. Nominal value of 1-year Series A Bond, 3-year Series B Bond and 5-year Series C Bond amounted to IDR766,000 million, IDR137,000 million and IDR118,000 million respectively, with fixed interest rate of 7.50%, 8.50% and 8.80% per annum respectively.

On 30 September 2019, CIMB Niaga redeemed its 1-year Series A Bond amounted to IDR766,000 million.

On 20 September 2021, CIMB Niaga redeemed its 3-year Series B Bond amounted to IDR137,000 million.

On 20 September 2023, CIMB Niaga redeemed its 5-year Series C Bond amounted to IDR118,000 million.

(e) USD88 million notes

On 19 March 2019, CIMB Bank issued USD88 million 5-year floating rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bears a coupon rate of Compounded Daily SOFR + 0.85% per annum + the Adjustment Rate of 0.26161% with effect from 19 June 2023, payable quarterly, will mature on 19 March 2024.

(f) USD30 million notes

On 15 April 2019, CIMB Bank, acting through its Labuan Offshore Branch, issued USD30 million 5-year floating rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014, which bears a coupon rate of Compounded Daily SOFR + 0.80% per annum + the Adjustment Rate of 0.26161% with effect from 17 April 2023, payable quarterly, will mature on 15 April 2024 (subject to adjustment in accordance with the modified following business day convention).

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30 BONDS, SUKUK AND DEBENTURES (CONTINUED)

(g) HKD200 million notes

On 12 July 2019, CIMB Bank issued HKD200 million of a 5-year fixed rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 2.35% per annum payable annually in arrears, will mature on 12 July 2024.

CIMB Bank has undertaken fair value hedge and cash flow hedge on the interest rate risk and currency risk of the Notes using cross currency interest rate swaps.

(h) USD20 million notes

On 8 August 2019, CIMB Bank issued USD20 million 5-year floating rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bears a coupon rate of Compounded Daily SOFR + 0.73% per annum + the Adjustment Rate of 0.26161% with effect from 8 May 2023, payable quarterly, will mature on 8 August 2024.

(i) USD680 million notes

On 9 October 2019, CIMB Bank issued USD680 million 5-year floating rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 3 months USD Term SOFR + 0.26161% (3 months credit adjustment spread) + 0.78%, payable quarterly, will mature on the interest payment date falling in or nearest to 9 October 2024.

(j) IDR2,000,000 million Sukuk

On 21 August 2019, CIMB Niaga issued IDR2,000,000 million Sukuk. The Sukuk is divided into 3 series. Nominal value of 1-year Series A Sukuk, 3-year Series B Sukuk, and 5-year Series C Sukuk amounted to IDR635,000 million, IDR936,000 million, and IDR429,000 million respectively, with fixed interest rate of 7.10%, 7.90% and 8.25% per annum respectively.

On 31 August 2020, CIMB Niaga redeemed its Series A Sukuk amounted to IDR635,000 million.

On 21 August 2022, CIMB Niaga redeemed its Series B Sukuk amounted to IDR936,000 million.

(k) IDR1,823,000 million bonds

On 19 December 2019, CIMB Niaga issued IDR1,823,000 million bonds. The bonds are divided into 3 series. Nominal value of 1-year Series A Bond, 3-year Series B Bond, and 5-year Series C Bond amounted to IDR276,000 million, IDR1,066,000 million, and IDR481,000 million respectively, with fixed interest rate of 6.50%, 7.55% and 7.80% per annum respectively.

On 29 December 2020, CIMB Niaga redeemed its Series A Sukuk amounted to IDR276,000 million.

On 19 December 2022, CIMB Niaga redeemed its Series B Sukuk amounted to IDR1,066,000 million.

(l) IDR1,000,000 million bonds

On 27 March 2020, CIMB Niaga issued IDR1,000,000 million bonds. The bonds are divided into 3 series. Nominal value of 1-year Series A Bond, 3-year Series B Bond, and 5-year Series C Bond amounted to IDR322,000 million, IDR287,000 million, and IDR391,000 million respectively, with fixed interest rate of 5.80%, 7.00% and 7.25% per annum respectively.

On 7 April 2021, CIMB Niaga redeemed its 1-year Series A Bond amounted to IDR322,000 million.

On 27 March 2023, CIMB Niaga redeemed its 3-year Series B Bond amounted to IDR287,000 million.

(m) USD20.0 million notes

On 27 April 2021, CIMB Bank issued USD20.0 million 5-year fixed rate notes under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.60% per annum payable semi-annually, will mature on 27 April 2026 (subject to adjustment in accordance with the modified following business day convention).

CIMB Bank has undertaken fair value hedge on the interest rate risk of the Notes using interest rate swaps.

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30 BONDS, SUKUK AND DEBENTURES (CONTINUED)

(n) HKD610 million notes

On 5 May 2021, CIMB Bank issued HKD610 million 3-year fixed rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 0.88% per annum payable annually, will mature on 5 May 2024 (subject to adjustment in accordance with the modified following business day convention).

CIMB Bank has undertaken fair value hedge and cash flow hedge on the interest rate risk and currency risk of the Notes using cross currency interest rate swaps.

(o) USD20 million notes

On 21 July 2021, CIMB Bank issued USD20.0 million 5-year fixed rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.35% per annum payable semi-annually, will mature on 21 July 2026 (subject to adjustment in accordance with the modified following business day convention).

(p) HKD640 million notes

On 27 July 2021, CIMB Bank issued HKD640.0 million fixed rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.12% per annum payable annually, will mature on 17 July 2026 (subject to adjustment in accordance with the modified following business day convention).

CIMB Bank has undertaken fair value hedge and cash flow hedge on the interest rate risk and currency risk of the Notes using cross currency interest rate swaps.

(q) HKD128 million notes

On 4 August 2021, CIMB Bank issued HKD128.0 million fixed rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014 and the Notes were consolidated to form a single series with the existing HKD640.0 million 1.12% fixed rate notes issued on 27 July 2021. The Notes, which bear a coupon rate of 1.12% per annum payable annually, will mature on 17 July 2026 (subject to adjustment in accordance with the modified following business day convention).

CIMB Bank has undertaken fair value hedge and cash flow hedge on the interest rate risk and currency risk of the Notes using cross currency interest rate swaps.

(r) USD500 million notes

On 20 January 2022, CIMB Bank issued USD500 million 5-year fixed rate notes ("the Notes") under its USD5.0 billion Global Medium Term Note Programme. The Notes, which bear a coupon rate of 2.125% per annum payable semi-annually, will mature on 20 July 2027.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the Notes using interest rate swaps.

(s) IDR1,000,000 million bonds

On 8 February 2023, CIMB Niaga Auto Finance issued unsecured IDR1,000,000 million bonds. The bonds are divided into 370 days Series A Bond and 3 years Series B Bond amounted to IDR700,000 million and IDR300,000 million, with fixed interest rate of 6.25% and 7.15% per annum respectively.

(t) RM14 million MTN

On 5 July 2023, CIMB Bank Berhad issued RM14.0 million of senior medium term notes ("the MTN") under its RM20.0 billion Senior Medium Term Note Programme. The MTN is a zero coupon bond that will mature on 10 July 2024.

(u) RM19 million MTN

On 17 July 2023, CIMB Bank Berhad issued RM19.0 million of senior medium term notes ("the MTN") under its RM20.0 billion Senior Medium Term Note Programme. The MTN is a zero coupon bond that will mature on 18 July 2024.

Notes to the Financial Statements
for the financial year ended 31 December 2023

30 BONDS, SUKUK AND DEBENTURES (CONTINUED)

(v) USD130 million notes

On 28 July 2023, CIMB Bank Berhad issued USD130.0 million 5-year floating rate notes ("the Notes") under its USD5.0 billion Global Medium Term Note Programme. The Notes, which bear a coupon rate of SOFR plus 1.00% per annum payable quarterly, will mature on the interest payment date falling on or nearest to 28 July 2028.

CIMB Bank has undertaken cash flow hedge on the currency risk and interest rate risk of the Notes using cross currency interest rate swaps.

(w) RM17 million MTN

On 15 August 2023, CIMB Bank Berhad issued RM17.0 million of senior medium term notes ("the MTN") under its RM20.0 billion Senior Medium Term Note Programme. The MTN is a zero coupon bond that will mature on 19 August 2024.

(x) USD30 million notes

On 26 September 2023, CIMB Bank Berhad issued USD30.0 million 1-year floating rate notes ("the Notes") under its USD5.0 billion Global Medium Term Note Programme. The Notes, which bear a coupon rate of SOFR plus 0.50% per annum payable quarterly, will mature on the interest payment date falling on or nearest to 26 September 2024.

CIMB Bank has undertaken cash flow hedge on the currency risk and interest rate risk of the Notes using cross currency interest rate swaps.

(y) USD100 million notes

On 3 October 2023, CIMB Bank Berhad issued USD100.0 million 35-month fixed rate notes ("the Notes") under its USD5.0 billion Global Medium Term Note Programme. The Notes, which bear a coupon rate of 5.45% per annum payable quarterly, will mature on 3 September 2026.

CIMB Bank has undertaken fair value hedge on the currency risk and interest rate risk of the Notes using cross currency interest rate swaps.

(z) RM100 million Senior Sukuk

On 30 November 2023, CIMB Islamic Bank issued RM100 million senior sukuk under its RM10 billion Sukuk Wakalah Programme. The senior sukuk, which bears a profit rate of 3.95% per annum payable semi-annually, will mature on 30 November 2026.

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the senior sukuk using Islamic profit rate swaps.

(aa) RM600 million Senior Sukuk

On 30 November 2023, CIMB Islamic Bank issued RM600 million senior sukuk under its RM10 billion Sukuk Wakalah Programme. The senior sukuk, which bears a profit rate of 4.02% per annum payable semi-annually, will mature on 30 November 2028.

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the senior sukuk using Islamic profit rate swaps.

(ab) RM300 million Senior Sukuk

On 30 November 2023, CIMB Islamic Bank issued RM300 million senior sukuk under its RM10 billion Sukuk Wakalah Programme. The senior sukuk, which bears a profit rate of 4.31% per annum payable semi-annually, will mature on 29 November 2030.

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the senior sukuk using Islamic profit rate swaps.

Notes to the Financial Statements
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31 OTHER BORROWINGS

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Commercial Papers/Medium Term Notes	(a)	**3,957,145**	3,956,970	**3,957,145**	3,956,970
Term loan	(b)	**3,863,149**	3,340,333	**–**	–
Others	(c)	**1,878,290**	967,482	**–**	–
		9,698,584	8,264,785	**3,957,145**	3,956,970

(a) CPs and MTNs of the Company

The Conventional Commercial Papers ("CPs"), Islamic Commercial Papers ("iCPs"), Conventional Medium Term Notes ("MTNs") and Islamic Medium Term Notes ("iMTNs") were issued by the Company.

The CPs and iCPs are unsecured. The aggregate outstanding nominal value of the CPs and iCPs at any point in time shall not exceed RM6 billion.

The MTNs and iMTNs are unsecured. The aggregate outstanding nominal value of the MTN and iMTN at any point in time shall not exceed RM6 billion.

On 12 June 2019, the Company issued RM250 million 1-year MTN and RM750 million 3-year iMTN which will mature on 10 June 2022. The MTN and iMTN carry interest rate of 3.80% and 3.95% per annum respectively, payable semi-annually in arrears. On 12 June 2020, the Company redeemed its RM250 million MTN. On 10 June 2022, the Company redeemed its RM750 million iMTN.

On 3 April 2020, the Company issued RM600 million 5-year MTN which will mature on 3 April 2025. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value.

On 12 June 2020, the Company issued RM350 million 3-year Medium Term Notes ("MTN") which will mature on 12 June 2023. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value. On 12 June 2023, CIMBGH redeemed its RM350 million MTN.

On 28 December 2021, the Company issued RM1 billion 3-year Unrated MTN, RM1 billion 4-year Unrated MTN and RM1 billion 5-year Unrated MTN, which will mature on 27 December 2024, 26 December 2025 and 28 December 2026 respectively. The MTNs were issued out of its existing Medium Term Notes Programme, which has a combined limit of RM6.0 billion in nominal value.

On 12 June 2023, the Company issued RM350 million 1-year MTN which will mature on 12 June 2024. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value. The MTN bears an interest rate of 3.88% per annum payable semi-annually.

On 15 November 2023, the Company issued RM5.0 million 1-month CPs under its Conventional Commercial Papers Programme. The CPs bear a discount rate of 3.50% and were fully redeemed on 15 December 2023.

(b) Term loans of the Group

Included in term loans of the Group are term loans of RM3,863,149,000 (2022: RM3,340,333,000) undertaken by CIMB Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 4 December 2026 (2022: 26 January 2023) being the earliest to mature and 22 February 2028 (2022: 2 July 2029) being the latest to mature. Interest rates charged are 6.12% to 6.37% per annum (2022: 2.00% to 7.80% per annum).

(c) Other borrowings of the Group

Included in other borrowings of the Group are short term and long term borrowing of RM1,874,021,000 (2022: RM965,754,000) undertaken by CIMB Niaga and its subsidiaries. The maturity dates ranges from less than 1 month to 5 years (2022: 1 month to 5 years), with interest rates charged ranging from 5.66% to 8.00% per annum (2022: 5.65% to 9.00% per annum).

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for the financial year ended 31 December 2023

32 SUBORDINATED OBLIGATIONS

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subordinated debts 2018/2028 RM700 million	(a)	**–**	708,924	**–**	708,924
Subordinated notes 2018/2028 RM390 million	(b)	**–**	89,664	**–**	–
Subordinated debts 2018/2029 RM1.2 billion	(c)	**1,217,648**	1,217,648	**1,217,648**	1,217,648
Additional Tier 1 Securities RM1.0 billion	(d)	**–**	1,000,535	**–**	1,000,535
Subordinated debts 2018/2023 IDR75 billion	(e)	**–**	10,971	**–**	–
Subordinated debts 2018/2025 IDR75 billion	(f)	**11,483**	10,748	**–**	–
Additional Tier 1 Securities 2019/2024 RM1.0 billion	(g)	**1,000,535**	1,010,060	**1,000,535**	1,010,060
Subordinated notes 2019/2029 RM550 million	(h)	**97,899**	99,824	**–**	–
Subordinated debts 2019/2029 RM800 million	(i)	**802,953**	803,122	**802,953**	803,122
Subordinated bonds 2019/2024 IDR83,000 million	(j)	**24,380**	22,693	**–**	–
Subordinated debts 2020/2025 RM2.5 billion	(k)	**2,510,355**	2,510,355	**2,510,356**	2,510,356
Additional Tier 1 Securities 2020/2025 RM550 million	(l)	**551,519**	551,465	**551,519**	551,465
Additional Tier 1 Securities 2020/2030 RM200 million	(l)	**200,614**	200,592	**200,614**	200,592
Subordinated notes 2021/2031 RM660 million	(m)	**259,904**	262,136	**–**	–
Sustainability Sukuk Wakalah 2021/2031 RM100 million	(n)	**100,031**	100,031	**100,031**	100,031
Sukuk Wakalah 2022/2032 RM1.5 billion	(o)	**1,520,795**	1,520,795	**1,520,795**	1,520,795
Sukuk Wakalah 2022/2032 RM1.0 billion	(p)	**1,003,797**	1,004,068	**1,003,797**	1,004,068
Sustainability Sukuk Wakalah 2023/2033 RM400 million	(q)	**405,419**	–	**405,419**	–
Subordinated Notes 2023/2033 RM415 million	(r)	**138,631**	–	**–**	–
Additional Tier 1 Sustainability Sukuk Wakalah 2023/2121 RM400 million	(s)	**403,644**	–	**403,644**	–
Sustainability Sukuk Wakalah 2023/2033 RM900 million	(t)	**907,526**	–	**907,526**	–
		11,157,133	11,123,631	**10,624,837**	10,627,596
Fair value changes arising from fair value hedges		**(23,086)**	(109,116)	**–**	–
		11,134,047	11,014,515	**10,624,837**	10,627,596

(a) Subordinated debts 2018/2028 RM700 million

On 29 March 2018, the Company issued RM700 million 10 years non-callable 5 years Tier II subordinated debt bearing a fixed rate coupon of 4.95% per annum. The said subordinated debt was issued out of the RM10 billion Tier II subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM700 million Tier II subordinated notes issued by CIMB Bank on the same day, based on similar terms.

On 29 March 2023, the Company redeemed its existing RM700 million Tier 2 Subordinated Debt issued under RM10.0 billion Tier 2 Subordinated Debt Programme on the first call date.

(b) Subordinated notes 2018/2028 RM390 million

On 29 March 2018, CIMB Thai issued RM390 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM390 milion Notes carry fixed interest rate of 5.20% per annum payable every six months. The RM390 million Notes will mature on 29 March 2028. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand. CIMB Thai has an approval from Bank of Thailand to classify the RM390 million Notes (equivalent to THB3,157,479,000) as Tier II capital according to the correspondence For Kor Kor 221/ 2561.

As at 31 December 2022, RM304 million was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

On 29 March 2023, CIMB Thai redeemed its existing RM390 million Tier 2 subordinated notes.

Notes to the Financial Statements

for the financial year ended 31 December 2023

32 SUBORDINATED OBLIGATIONS (CONTINUED)

(c) Subordinated debts 2018/2029 RM1.2 billion

On 13 September 2018, the Company issued RM1.2 billion 11 years, on a non-callable 6 years basis, Tier II subordinated debt bearing a fixed rate coupon of 4.88% per annum. The said subordinated debt was issued out of the RM10 billion Tier II subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM1.2 billion Tier II subordinated notes issued by CIMB Bank on the same day, based on similar terms.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM1.2 billion Tier 2 subordinated debt using interest rate swaps.

(d) Additional Tier I Securities RM1.0 billion

On 23 October 2018, the Company issued RM1.0 billion perpetual subordinated capital securities ("Additional Tier I Securities"). The securities, which qualify as Additional Tier I Capital for CIMB Group Holdings Berhad on a group consolidated level, carry a distribution rate of 5.40% per annum. The Additional Tier I Securities is perpetual, with a Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from BNM. The proceeds from the issuance was used to subscribe to similar securities issued by CIMB Bank.

On 23 October 2023, the Company redeemed its existing RM1.0 billion Additional Tier 1 Capital Securities issued under RM10.0 billion Additional Tier 1 Capital Securities Programme on the first call date.

(e) Subordinated debts 2018/2023 IDR75 billion

On 15 November 2018, CIMB Niaga issued Series A Subordinated Bond of IDR75 billion with fixed interest rate of 9.85% per annum and maturity date of 15 November 2023. Included in the IDR75 billion subordinated notes was IDR36 billion (2022: IDR36 billion) which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

On 15 November 2023, CIMB Niaga redeemed its existing IDR75 billion subordinated notes.

(f) Subordinated debts 2018/2025 IDR75 billion

On 15 November 2018, CIMB Niaga issued Series B Subordinated Bond of IDR75 billion with fixed interest rate of 10.00% per annum and maturity date of 15 November 2025. Included in the IDR75 billion subordinated notes was IDR36 billion (2022: IDR36 billion) which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

(g) Additional Tier 1 Securities 2019/2024 RM1.0 billion

On 28 June 2019, the Company issued RM1.0 billion Basel III-compliant Additional Tier I Capital Securities under the RM10 billion Basel III AT1 Programme, at 4.88% per annum with an Issuer's call option to redeem at the end of year 5 and on each coupon payment date thereafter, subject to approval from BNM.

(h) Subordinated notes 2019/2029 RM550 million

On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier II subordinated notes. The subordinated notes carry fixed interest rate of 4.15% per annum payable every six months. The subordinated notes will mature on 6 July 2029. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand ("BOT").

Included in the RM550 million subordinated notes is RM459 million (2022: RM459 million) which was held by subsidiary of the Company, hence the amount was eliminated at consolidated level.

(i) Subordinated debts 2019/2029 RM800 million

On 25 November 2019, the Company issued RM800 million 10 years non-callable 5 years Tier II Subordinated debts bearing a fixed rate coupon of 3.85% per annum, payable on a semi-annual basis. The said subordinated debt was issued out of the RM10.0 billion Tier II subordinated debt programme. The proceeds from the issuance were used to subscribe to the RM800 million Tier II subordinated notes issued by subsidiary of the Company on the same day, based on similar terms.

Notes to the Financial Statements

for the financial year ended 31 December 2023

32 SUBORDINATED OBLIGATIONS (CONTINUED)

(j) Subordinated bonds 2019/2024 IDR83,000 million

On 19 December 2019, CIMB Niaga issued IDR83,000 million subordinated bonds with fixed interest rate of 8.05% per annum and maturity date of 19 December 2024.

(k) Subordinated debts 2020/2025 RM2.5 billion

On 12 November 2020, the Company issued RM2.5 billion 10 years non-callable 5 years Tier II Subordinated debts bearing a fixed rate coupon of 3.15% per annum, payable on a semi-annual basis. The said subordinated debt was issued out of the RM10.0 billion Tier II subordinated debt programme. The proceeds from the issuance were used to subscribe to the RM2.45 billion Tier II subordinated notes issued by CIMB Bank on the same day and the RM50 million Tier II Subordinated Debt issued by CIMB Bank on 23 December 2020, based on similar terms. CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM2.45 billion Tier 2 subordinated debt using interest rate swaps.

(l) Additional Tier 1 Securities 2020/2025 RM550 million and 2020/2030 RM200 million

On 3 December 2020, the Company issued RM550 million perpetual non-callable 5 years Additional Tier I Capital Securities and RM200 million perpetual non-callable 10 years Additional Tier I Capital Securities bearing a fixed rate coupon of 3.60% per annum and 4.00% per annum respectively, payable on a semi-annual basis. The said capital securities were issued from the existing RM10 billion AT1 Capital Securities Programme. The proceeds from the issuances were used to subscribe to AT1 Capital Securities issued by CIMB Bank, based on similar terms.

(m) Subordinated notes 2021/2031 RM660 million

On 12 July 2021, CIMB Thai issued RM660 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 3.90% per annum payable every six months. The subordinated notes will mature on 11 July 2031. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

Included in the RM660 million subordinated notes is RM407 million (2022: RM407 million) which was held by subsidiary of the Company, hence the amount was eliminated at consolidated level.

(n) Sustainability Sukuk Wakalah 2021/2031 RM100 million

On 29 December 2021, the Company issued RM100.0 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah bearing a periodic distribution rate of 3.80% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme. The proceeds from the issuance were used to subscribe to the RM100.0 million Tier 2 Sustainability Sukuk Wakalah issued by CIMB Bank on the same day, based on similar terms.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM100 million Tier 2 Sustainability Sukuk Wakalah using interest rate swaps.

(o) Sukuk Wakalah 2022/2032 RM1.5 billion

On 8 September 2022, the Company issued RM1.5 billion 10 years non-callable 5 years Tier 2 Sukuk Wakalah bearing a periodic distribution rate of 4.40% per annum, payable on a semi-annual basis. The said Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme. The proceeds from the issuance were used to subscribe to the RM1.5 billion Tier 2 Sukuk Wakalah issued by CIMB Bank on the same day, based on similar terms.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM1.5 billion Tier 2 Sukuk Wakalah using interest rate swaps.

(p) Sukuk Wakalah 2022/2032 RM1.0 billion

On 2 December 2022, the Company issued RM1.0 billion 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah bearing a periodic distribution rate of 4.95% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme. The proceeds from the issuance were used to subscribe to the RM1.0 billion Tier 2 Sustainability Sukuk Wakalah issued by CIMB Bank on the same day, based on similar terms.

Notes to the Financial Statements

for the financial year ended 31 December 2023

32 SUBORDINATED OBLIGATIONS (CONTINUED)

(q) Sustainability Sukuk Wakalah 2023/2033 RM400 million

On 8 March 2023, the Company issued RM400 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah bearing a periodic distribution rate of 4.30% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme. The proceeds from the issuance were used to subscribe to the RM400 million Tier 2 Sustainability Sukuk Wakalah issued by CIMB Bank on the same day, based on similar terms.

(r) Subordinated Notes 2023/2033 RM415 million

On 29 March 2023, CIMB Thai issued RM415 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 4.70% per annum payable every six months. The subordinated notes will mature on 29 March 2033. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

As at 31 December 2023, RM278 million was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

(s) Additional Tier 1 Sustainability Sukuk Wakalah 2023/2121 RM400 million

On 23 October 2023, the Company issued RM400 million Perpetual non-callable 5 years Additional Tier 1 Sustainability Sukuk Wakalah, bearing a periodic distribution rate of 4.75% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme. The proceeds from the issuance were used to subscribe to the RM400 million Additional Tier 1 Sustainability Sukuk Wakalah issued by CIMB Bank on the same day, based on similar terms. CIMB Bank has undertaken fair value hedge on the interest rate risk of the Additional Tier 1 Sustainability Sukuk Wakalah using interest rate swaps.

(t) Sustainability Sukuk Wakalah 2023/2033 RM900 million

On 23 October 2023, the Company issued RM900 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah, bearing a periodic distribution rate of 4.36% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme. The proceeds from the issuance were used to subscribe to the RM900 million Tier 2 Sustainability Sukuk Wakalah issued by CIMB Bank on the same day, based on similar terms. CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM900 million Tier 2 Sustainability Sukuk Wakalah using interest rate swaps.

33 SHARE CAPITAL

		The Group and the Company	
	Note	2023 RM'000	2022 RM'000
Issued and fully paid shares:			
At 1 January		**29,094,547**	27,099,681
Issued during the financial year:			
– Dividend reinvestment scheme issued on:			
– 26 April 2022	(a)(i)	**–**	1,084,519
– 31 October 2022	(a)(ii)	**–**	910,347
At 31 December		**29,094,547**	29,094,547

Notes to the Financial Statements
for the financial year ended 31 December 2023

33 SHARE CAPITAL (CONTINUED)

(a) Increase in issued and paid-up capital

In respect of the financial year 31 December 2022, the Company increased its issued and paid-up capital from 10,221,456,583 to 10,665,106,608 shares via:

(i) Issuance of 252,801,642 new ordinary shares arising from the Dividend Reinvestment Scheme relating to electable portion of the interim dividend of 12.55 sen per ordinary share in respect of the financial year ended 31 December 2021, as disclosed in Note 47(c); and

(ii) Issuance of 190,848,383 new ordinary shares each arising from the Dividend Reinvestment Scheme relating to electable portion of the first interim dividend of 13.00 sen per ordinary share in respect of the financial year ended 31 December 2022, as disclosed in Note 47(d).

(b) Dividend Reinvestment Scheme

On 18 January 2013, the Company announced the proposal to put in place a dividend reinvestment scheme that would allow the shareholders of the Company ("Shareholders") to have the option to elect to reinvest their cash dividends in new ordinary shares ("New CIMB Shares")("Dividend Reinvestment Scheme").

The Dividend Reinvestment Scheme has received the necessary approval from Bursa Securities on 5 February 2013, its shareholders via an Extraordinary General Meeting held on 25 February 2013 and from Bank Negara Malaysia on 25 March 2013.

The scheme would allow the Board, at its absolute discretion, to offer either the Dividend Reinvestment Scheme or full cash for the Group's dividends as and when it deems appropriate vis-à-vis the Group's capital strategy and plans.

The rationale of the Dividend Reinvestment Scheme are as follows:

(i) CIMB's capital management strategy

As part of the Company's capital management strategy, the Dividend Reinvestment Scheme would provide the Company additional flexibility in managing its capital position.

(ii) Enhancing shareholder value with reasonable dividend yield

The Dividend Reinvestment Scheme will provide an opportunity for shareholders to enjoy dividend yield while preserving capital for the Company.

Since the announcement of Basel III, many global banks have taken a cautious stance in capital management including that of reducing dividend payments. Whilst this stance will improve a banks' capital ratios, such actions may result in lower dividend yields and may eventually reduce investors' interest in the banking industry.

The Dividend Reinvestment Scheme provides an alternative for banks to balance the demand of its investors and its capital objective.

(iii) Alternative mode of payment of Dividends

The implementation of the Dividend Reinvestment Scheme will provide an avenue for shareholders to elect to exercise the option to reinvest all or part of their dividends into New CIMB Shares in lieu of receiving cash dividend.

The shareholders shall have the following options in respect of an option to reinvest announced by the Board under the Dividend Reinvestment Scheme:

(i) to elect to participate by reinvesting the whole or part of the Electable Portion at the issue price for New CIMB Shares.

In the event that only part of the Electable Portion is reinvested, the shareholders shall receive cash for the remaining portion of the Electable Portion not reinvested; or

(ii) to elect not to participate in the option to reinvest and thereby receive the entire dividend entitlement wholly in cash.

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Notes to the Financial Statements

for the financial year ended 31 December 2023

34 PERPETUAL PREFERENCE SHARES

	The Group	
	2023 RM'000	2022 RM'000
Issued and fully paid Perpetual preference shares		
At 1 January/31 December	**200,000**	200,000

The main features of the perpetual preference shares ("PPS") are as follows:

(i) The PPS has no right to dividends.

(ii) In the event of liquidation, dissolution or winding-up of CIMB Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of CIMB Bank.

(iii) The PPS rank *pari passu* in all aspects among themselves.

(iv) CIMB Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act 2016 and as approved by Bank Negara Malaysia.

35 RESERVES

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statutory reserve	(a)	**180,908**	166,833	**–**	–
Regulatory reserve	(b)	**1,102,571**	417,993	**–**	–
Capital reserve	(c)	**317,879**	242,626	**55,982**	55,982
Exchange fluctuation reserve	(d)	**2,110,540**	542,479	**–**	–
Fair value reserve					
– Debt intruments at fair value through other comprehensive income	(e)	**(654,828)**	(1,417,428)	**(3,300)**	(13,534)
– Equity instruments at fair value through other comprehensive income	(f)	**(235,888)**	(238,981)	**–**	–
Retained earnings	(g)	**38,233,921**	35,270,933	**1,022,128**	1,138,715
Share-based payment reserve	(h)	**161,381**	114,097	**145,367**	87,817
Other reserves					
– Hedging reserve – net investment hedge	(i)	**(1,934,992)**	(1,597,622)	**–**	–
– Hedging reserve – cash flow hedge	(j)	**(1,257)**	(8,009)	**–**	–
– Hedging reserve – deferred hedging cost	(k)	**192,185**	185,982	**–**	–
– Own credit risk reserve	(l)	**(177,099)**	(233,760)	**–**	–
– EOP reserve – shares purchased pending release	(m)	**(30,689)**	(29,304)	**–**	–
– Defined benefits reserves	(n)	**(31,612)**	(18,574)	**–**	–
		39,233,020	33,397,265	**1,220,177**	1,268,980

(a) The statutory reserves of the Group are maintained by certain banking subsidiaries in Malaysia in compliance with the BNM guidelines and include a reserve maintained by a subsidiary in compliance with the Bursa Malaysia Securities Berhad Rules and Regulations. Effective 3 May 2018, there is no requirement to maintain statutory reserves for banking entities in Malaysia, in accordance with BNM Guideline – Capital Funds.

The statutory reserves of the foreign banking subsidiaries and foreign stockbroking subsidiaries of the Group are in compliance with rules and regulations of the respective authorities. These reserves are not distributable by way of cash dividends.

Notes to the Financial Statements

for the financial year ended 31 December 2023

35 RESERVES (CONTINUED)

(b) Regulatory reserve of the Group is maintained by the banking subsidiaries in Malaysia, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 9 beginning 1 January 2018.

BNM Guidelines on Financial Reporting/Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non- credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

As at 31 December 2023, the regulatory reserve is maintained by CIMB Bank and the banking subsidiaries in Malaysia to meet the local regulatory requirement.

(c) The capital reserve of the Group arose from the dilution of equity interest in subsidiaries resulted from the shares option scheme undertaken by the subsidiary in previous years.

A foreign subsidiary of the Group has transferred balance from retained earnings to capital reserve in order to meet the regulatory capital ratio calculation, as retained earnings is capped for the purpose of calculation at 20% of Tier I capital following the local regulatory requirement.

(d) Exchange translation differences have arisen from translation of net assets of Labuan offshore subsidiaries, foreign branches and foreign subsidiaries. These translation differences are shown under exchange fluctuation reserves.

(e) For debt instruments at fair value through other comprehensive income ("FVOCI"), changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.

(f) The Group has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(g) As at 31 December 2023, the Company has sufficient tax exempt account balances to pay tax exempt dividends of up to RM477,522,037 (2022: RM477,522,037) out of its retained earnings.

(h) The share-based payment reserve arose from the Equity Ownership Plan ("EOP"), Long Term Incentive Plan ("LTIP"), the Group's share-based compensation benefit, Employee Stock Option Management Program ("MESOP") and Employees' Share Option Scheme ("ESOS").

(i) Hedging reserve arises from net investment hedge activities undertaken by the Group on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed.

(j) The Group has entered into cash flow hedges on senior bond issued and interbranch lending.

The reserve is non-distributable and is reversed to the statement of income when the hedged items affect the statement of income or termination of the cash flow hedge.

(k) The Group designates the spot component of foreign currency swap contracts as hedging instruments in net investment hedge relationships. The Group defers changes in the forward element of foreign currency swap contracts and the currency basis spread from the cross currency interest rate swap contracts in the cost of hedging reserve.

(l) Changes in fair value of financial liabilities designated at fair value relating to the Group's own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

(m) EOP reserve reflects the Group's shares purchased for EOP under share-based compensation benefits, pending release to its employees.

(n) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.

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for the financial year ended 31 December 2023

36 SHARES HELD UNDER TRUST AND TREASURY SHARES

(A) SHARES HELD UNDER TRUST

	The Group	
	2023 RM'000	2022 RM'000
At 1 January/31 December	**563**	563

As an integral part of the CIMB Berhad's ("CIMBB") restructuring exercise in 2005, the then existing CIMBB's ESOS and Employee Equity Scheme ("EES") ceased to have any value pursuant to the delisting from Bursa Malaysia Securities Berhad. Accordingly, consistent with the fair treatment to all Executive Employees and the spirit of continuity of the scheme in existence, the schemes were modified with terms and conditions remaining and subsequently called the Modified EESOS. For the EES, the remaining options were accelerated and exercised prior to the completion of the CIMBB's restructuring.

The CIMBB restructuring exercise and the schemes were approved by the shareholders of the Company during the Extraordinary General Meeting held on 8 September 2005. The modified schemes entailed the following:

(i) The setting up of a trust to subscribe for all the remaining CIMBB shares under the unexercisable tranches under the CIMBB ESOS ("ESOS Trust") prior to the implementation of the CIMBB restructuring. The subscription was facilitated through an accelerated vesting of the unexercisable options. The funding for the subscription for the CIMBB shares by the trustee for both Trusts was provided by the Company by way of a loan.

(ii) Under the CIMBB restructuring exercise, both trustees have opted for new shares of the Company at the ratio of approximately 1.146 of the Company's shares for one CIMBB share. The Executive Employees or the CEO are entitled to instruct the trustee as to the sale, subject to a minimum market price that is higher than a price to be determined by dividing the existing adjusted exercise price by the ratio of approximately 1.146, plus transaction costs and any income tax liability, if applicable, of such shares of the Company in the manner as previously provided under the CIMBB ESOS.

(iii) The number of the Company's shares subject to such instruction per annum will be in the same proportion as per the adjusted total outstanding number under the previous CIMBB ESOS multiplied by the ratio approximately 1.146.

(iv) If the Executive Employee or CEO opt to instruct the trustee to transfer or sell in the market, upon such instruction under the Modified EESOS and Modified CEO Option, a proportion of the proceeds received by the Trustee, plus any income tax, if applicable, will be retained by the Trustee and used to offset the Loan and the excess (net of transaction costs) will be payable to the Executive Employee or CEO.

As at 31 December 2023, there are 258,000 (2022: 258,000) units remain unexercised.

(B) TREASURY SHARES, AT COST

	The Group and the Company			
	2023		2022	
	Units '000	RM'000	Units '000	RM'000
At 1 January/31 December	**5**	**43**	5	43

The shareholders of the Company, via an ordinary resolution passed at the Annual General Meeting held on 13 April 2023, approved the Company's plan and mandate to authorise the Directors of the Company to buy back its own shares up to 10% of existing total paid-up share capital. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buyback can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company did not buy back any of its issued share capital from the open market. As at 31 December 2023, there were 4,908 ordinary shares held as treasury shares (2022: 4,908). Treasury shares have no rights to vote, dividends and participation in other distribution.

Notes to the Financial Statements
for the financial year ended 31 December 2023

37(a) INTEREST INCOME

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Loans, advances and financing:				
– Interest income other than recoveries	**16,985,590**	13,109,045	**–**	–
– Unwinding income^	**189,746**	196,075	**–**	–
Money at call and deposits with financial institutions	**1,246,044**	701,794	**15,228**	7,902
Reverse repurchase agreements	**408,196**	197,172	**–**	–
Debt instruments at fair value through other comprehensive income	**2,572,936**	2,040,550	**75,088**	81,800
Debt instruments at amortised cost	**2,090,367**	1,834,030	**317,285**	298,479
Others	**202,895**	102,486	**–**	–
	23,695,774	18,181,152	**407,601**	388,181
Accretion of discounts less amortisation of premiums	**(5,112)**	(333,723)	**–**	–
	23,690,662	17,847,429	**407,601**	388,181

^ *Unwinding income is interest income earned on credit impaired financial assets*

37(b) INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2023 RM'000	**2022 RM'000**
Financial investments at fair value through profit or loss	**979,496**	673,733
Reverse repurchase agreements at fair value through profit or loss	**472**	–
Loan, advances and financing at fair value through profit or loss	**4,056**	12,063
	984,024	685,796
Accretion of discounts, net of amortisation of premiums	**439,590**	105,821
	1,423,614	791,617

Notes to the Financial Statements
for the financial year ended 31 December 2023

38 INTEREST EXPENSE

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Deposits and placements of banks and other financial institutions	**1,360,518**	548,348	**–**	–
Deposits from customers	**8,685,601**	4,452,565	**–**	–
Repurchase agreements/Collateralised commodity murabahah	**1,627,207**	606,163	**–**	–
Bonds, Sukuk and debentures	**575,429**	364,114	**–**	–
Subordinated obligations	**497,242**	403,779	**441,172**	429,079
Financial liabilities designated at fair value through profit or loss	**503,678**	246,998	**–**	–
Negotiable certificates of deposits	**99,260**	28,561	**–**	–
Other borrowings	**435,346**	226,121	**152,218**	127,312
Recourse obligation on loan and financing sold to Cagamas	**36,412**	26,454	**–**	–
Structured deposits	**165,789**	74,996	**–**	–
Lease liabilities	**20,440**	18,845	**–**	–
Others	**19,901**	19,181	**–**	–
	14,026,823	7,016,125	**593,390**	556,391

39 MODIFICATION LOSS/(GAIN)

	The Group	
	2023 RM'000	**2022 RM'000**
Loss/(gain) on modification of cash flows	**3,747**	(6,707)

Notes to the Financial Statements
for the financial year ended 31 December 2023

40 NET NON-INTEREST INCOME

	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
(a) Fee and commission income:				
Commissions	**1,351,134**	1,176,787	**–**	–
Fee on loans, advances and financing	**705,030**	669,976	**–**	–
Service charges and fees	**722,085**	684,341	**–**	–
Corporate advisory and arrangement fees	**43,792**	30,489	**–**	–
Guarantee fees	**79,897**	82,269	**–**	–
Other fee income	**311,278**	254,700	**–**	–
Placement fees	**9,066**	8,141	**–**	–
Underwriting commission	**31,081**	41,549	**–**	–
Fee and commission income	**3,253,363**	2,948,252	**–**	–
(b) Fee and commission expense	**(1,019,297)**	(742,265)	**–**	**–**
Net fee and commission income	**2,234,066**	2,205,987	**–**	**–**
(c) Other non-interest income				
Gross dividend income from:				
In Malaysia				
– Subsidiaries	**–**	–	**3,354,835**	3,131,843
– Financial investments at fair value through profit or loss	**64,801**	48,574	**–**	–
– Equity instruments at fair value through other comprehensive income	**1,000**	1,019	**–**	–
Outside Malaysia				
– Equity instruments at fair value through other comprehensive income	**2,158**	1,717	**–**	–
	67,959	51,310	**3,354,835**	3,131,843
Net gain/(loss) arising from financial investments at fair value through profit or loss				
– Realised	**(323,985)**	(1,067,080)	**–**	–
– Unrealised	**349,126**	(68,972)	**–**	–
	25,141	(1,136,052)	**–**	–
Net gain arising from derivative financial instruments:				
– Realised	**3,591,827**	5,327,351	**–**	–
– Unrealised	**(848,362)**	(518,328)	**–**	–
	2,743,465	4,809,023	**–**	–

Notes to the Financial Statements

for the financial year ended 31 December 2023

40 NET NON-INTEREST INCOME (CONTINUED)

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gain arising from financial liabilities designated at fair value through profit or loss:					
– Realised		**58,299**	(17,495)	**–**	–
– Unrealised		**181,840**	356,161	**–**	–
		240,139	338,666	**–**	–
Net (loss)/gain arising from hedging activities		**(31,714)**	32,266	**–**	–
Net gain/(loss) from sale of investment in debt intruments at fair value through other comprehensive income		**202,014**	(32,936)	**–**	–
Net gain from redemption of debt instruments at amortised cost		**567**	12,740	**–**	–
Net loss arising from loans, advances and financing at fair value through profit or loss:					
– Realised		**(112)**	–	**–**	–
– Unrealised		**–**	(1,208)	**–**	–
		(112)	(1,208)	**–**	–
Income from assets management and securities services		**19,626**	19,871	**–**	–
Brokerage income		**2,138**	1,167	**–**	–
Other non-interest income:					
Foreign exchange (loss)/gain		**(283,864)**	(2,307,061)	**143**	663
(Loss)/gain on disposal of interests in subsidiaries	14(a)	**–**	(363)	**–**	581,774
Rental income		**24,790**	28,755	**280**	280
Gain on disposal of property, plant and equipment/ assets held for sale		**59,338**	27,215	**–**	4,232
Gain on disposal/dilution of interest in joint ventures and associates		**–**	10,814	**–**	–
Gain on liquidation of foreign branch		**8,127**	–	**–**	–
Other non-operating income		**89,937**	117,189	**–**	89
Gain on disposal of loans, advances and financing		**302,117**	37,170	**–**	–
Loss on disposal of foreclosed assets		**(33,294)**	(6,514)	**–**	–
		167,151	(2,092,795)	**423**	587,038
Total other non-interest income		**3,436,374**	2,002,052	**3,355,258**	3,718,881
Net non-interest income		**5,670,440**	4,208,039	**3,355,258**	3,718,881

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41 OVERHEADS

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Personnel costs				
– Salaries, allowances and bonus[1]	**4,742,141**	4,431,555	**–**	–
– Pension costs[3]	**507,481**	466,850	**–**	–
– Overtime	**32,342**	19,117	**–**	–
– Staff incentives and other staff payments	**257,405**	291,129	**–**	–
– Medical expenses	**103,035**	80,829	**–**	–
– Share-based expense[2]	**57,550**	54,330	**–**	–
– Others	**235,934**	195,594	**–**	–
Establishment costs				
– Depreciation of property, plant and equipment	**311,017**	300,917	**136**	147
– Depreciation of right-of-use assets	**208,848**	215,723	**–**	–
– Amortisation of intangible assets	**486,784**	595,649	**–**	–
– Depreciation of investment properties	**–**	–	**18**	18
– Intangible assets writen off	**668**	1,632	**–**	–
– Rental	**124,324**	112,022	**1**	–
– Repair and maintenance	**888,370**	778,922	**180**	232
– Outsourced services	**48,084**	18,409	**32**	–
– Security expenses	**99,094**	93,368	**–**	–
– Others	**292,908**	293,437	**150**	36
Marketing expenses				
– Advertisement	**202,177**	177,079	**53**	–
– Others	**134,030**	70,943	**–**	27
Administration and general expenses				
– Legal and professional fees	**215,533**	323,213	**4,234**	6,989
– Stationery	**34,019**	22,057	**–**	–
– Postage	**36,509**	37,079	**–**	–
– Communication	**100,701**	95,644	**–**	–
– Incidental expenses on banking operations	**95,245**	90,843	**–**	–
– Others	**650,877**	579,166	**24,010**	23,390
	9,865,076	9,345,507	**28,814**	30,839

1 *Included in salaries, allowances and bonus is shared-based payment expense of RM16,234,000 (2022: RM23,085,000). Refer Note 49.*

2 *The long term incentive plan ("LTIP") was implemented by the Company in June 2021. The LTIP awards ordinary shares and share options of the Company to eligible employees of the Group. The eligibility of participation in the LTIP shall be at the discretion of the LTIP Committee of CIMBGH, and the awarded shares and share options will be vested in stages at predetermined dates subject to continued employment and performance conditions. Refer Note 49.*

3 *Included in pension costs is pension cost arising from defined benefit plans. Refer Note 29.*

Notes to the Financial Statements

for the financial year ended 31 December 2023

41 OVERHEADS (CONTINUED)

The above expenditure includes the following:

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Directors' remuneration (Note 44)	**16,620**	14,319	**3,785**	3,744
Rental of premises	**34,621**	29,744	**–**	–
Hire of equipment	**51,571**	47,434	**–**	–
Lease rental	**11**	506	**–**	–
Auditors' remuneration				
PricewaterhouseCoopers PLT* (audit)				
– statutory audit	**7,846**	7,443	**904**	806
– limited review	**1,168**	1,155	**29**	26
– other audit related	**1,023**	110	**34**	32
PricewaterhouseCoopers PLT* (non-audit)				
– Reporting accountant, regulatory-related services and others	**150**	44	**–**	–
– Tax services	**763**	654	**74**	65
Other member firms of PwC International Limited* (audit)				
– statutory audit	**7,466**	6,357	**–**	–
– limited review	**1,084**	1,023	**–**	–
– other audit related	**376**	346	**–**	–
Other member firms of PwC International Limited* (non-audit)				
– Reporting accountant, regulatory-related services and others	**496**	666	**–**	–
– Tax services	**781**	674	**–**	–
Other auditors' remuneration				
– Statutory audit	**162**	68	**–**	–
– Tax services	**5**	5	**–**	–
Property, plant and equipment written off	**4,483**	2,786	**–**	–

* *PricewaterhouseCoopers PLT and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.*

42 EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group	
	2023 RM'000	**2022 RM'000**
Expected credit losses on loans, advances and financing at amortised cost	**2,220,307**	2,594,957
Credit impaired loans, advances and financing:		
– Recovered	**(752,610)**	(658,282)
– Written off	**66,749**	16,050
	1,534,446	1,952,725

Notes to the Financial Statements

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43 OTHER EXPECTED CREDIT LOSSES AND IMPAIRMENT ALLOWANCES

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Other expected credit losses and impairment allowances made/ (written back):				
– Debt instrument at fair value through other comprehensive income	**19,842**	(25,068)	**(3,793)**	(856)
– Debt instrument at amortised cost	**7,347**	(101,957)	**4,703**	3,409
– Money at call and deposits and placements with banks and other financial institutions	**425**	137	**–**	–
– Other assets	**204,314**	305,376	**–**	–
– Right-of-use assets	**–**	(731)	**–**	–
Amount due from a subsidiary	**–**	–	**5**	–
	231,928	177,757	**915**	2,553

Included in the other impairment allowance made for other assets during the previous financial year is ECL related to settlement of debit card balances.

44 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

EXECUTIVE DIRECTOR

Dato' Abdul Rahman Ahmad

NON-EXECUTIVE DIRECTORS

Datuk Mohd Nasir Ahmad
Dato' Lee Kok Kwan
Dato' Mohamed Ross Mohd Din
Afzal Abdul Rahim
Didi Syafruddin Yahya
Shulamite N K Khoo
Ho Yuet Mee
Datin Azlina Mahmad (appointed on 1 May 2023)
Robert Neil Coombe (retired on 14 April 2023)
Teoh Su Yin (retired on 7 October 2023)

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44 DIRECTORS' REMUNERATION (CONTINUED)

	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Executive Director				
– Salary and remuneration	**9,975**	7,298	**–**	–
– Benefits-in-kind	**81**	125	**–**	–
	10,056	7,423	**–**	–
Non-Executive Directors				
– Fees	**2,455**	2,801	**1,314**	1,263
– Other remuneration	**4,018**	4,011	**2,433**	2,444
– Benefits-in-kind	**91**	84	**38**	37
	6,564	6,896	**3,785**	3,744
	16,620	14,319	**3,785**	3,744

2023	Fees RM'000	Salary and remuneration RM'000	Other remuneration: Chairperson's Premium RM'000	Other remuneration: Meeting Allowance RM'000	Benefits-in-kind RM'000	The Group Total RM'000	Fees RM'000	Salary and remuneration RM'000	Other remuneration: Chairperson's Premium RM'000	Other remuneration: Meeting Allowance RM'000	Benefits-in-kind RM'000	The Company Total RM'000
Executive Director												
Dato' Abdul Rahman Ahmad	-	9,975	-	-	81	10,056	-	-	-	-	-	-
	-	9,975	-	-	81	10,056	-	-	-	-	-	-
Non-Executive Directors												
Datuk Mohd Nasir Ahmad	406	-	692	282	38	1,418	170	-	510	150	38	868
Dato' Lee Kok Kwan	460	-	-	315	-	775	170	-	-	120	-	290
Dato' Mohamed Ross Mohd Din	310	-	240	340	47	937	170	-	100	255	-	525
Afzal Abdul Rahim	-	-	-	-	-	-	-	-	-	-	-	-
Didi Syafruddin Yahya	513	-	437	642	6	1,598	170	-	123	260	-	553
Shulamite N K Khoo	170	-	-	160	-	330	170	-	-	160	-	330
Ho Yuet Mee	170	-	23	308	-	501	170	-	23	308	-	501
Datin Azlina Mahmad	138	-	-	120	-	258	113	-	-	120	-	233
Robert Neil Coombe	50	-	-	25	-	75	50	-	-	25	-	75
Teoh Su Yin	238	-	261	173	-	672	131	-	154	125	-	410
	2,455	-	1,653	2,365	91	6,564	1,314	-	910	1,523	38	3,785
	2,455	9,975	1,653	2,365	172	16,620	1,314	-	910	1,523	38	3,785

Notes to the Financial Statements

for the financial year ended 31 December 2023

44 DIRECTORS' REMUNERATION (CONTINUED)

2022	Fees RM'000	Salary and remuneration RM'000	Other remuneration: Chairperson's Premium RM'000	Other remuneration: Meeting Allowance RM'000	Benefits-in-kind RM'000	The Group Total RM'000	Fees RM'000	Salary and remuneration RM'000	Other remuneration: Chairperson's Premium RM'000	Other remuneration: Meeting Allowance RM'000	Benefits-in-kind RM'000	The Company Total RM'000
Executive Director												
Dato' Abdul Rahman Ahmad	-	7,298	-	-	125	7,423	-	-	-	-	-	-
	-	7,298	-	-	125	7,423	-	-	-	-	-	-
Non-Executive Directors												
Datuk Mohd Nasir Ahmad	403	-	691	302	37	1,433	170	-	510	145	37	862
Teoh Su Yin	310	-	340	278	-	928	170	-	200	233	-	603
Robert Neil Coombe	170	-	-	115	-	285	170	-	-	115	-	285
Dato' Lee Kok Kwan	402	-	-	310	-	712	170	-	-	115	-	285
Dato' Mohamed Ross Mohd Din	310	-	240	460	47	1,057	170	-	100	280	-	550
Afzal Abdul Rahim	-	-	-	-	-	-	-	-	-	-	-	-
Didi Syafruddin Yahya	879	-	100	682	-	1,661	170	-	100	308	-	578
Shulamite N K Khoo	170	-	-	195	-	365	170	-	-	195	-	365
Ho Yuet Mee	157	-	-	298	-	455	73	-	-	143	-	216
Serena Tan Mei Shwen	-	-	-	-	-	-	-	-	-	-	-	-
	2,801	-	1,371	2,640	84	6,896	1,263	-	910	1,534	37	3,744
	2,801	7,298	1,371	2,640	209	14,319	1,263	-	910	1,534	37	3,744

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year for the Group and the Company amounted to RM1,550,556 (2022: RM1,550,556) and RM Nil (2022: RM Nil).

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45 TAXATION AND ZAKAT

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Taxation based on the profit for the financial year:				
– Malaysian income tax	**1,639,701**	2,041,252	**3,308**	1,656
– Foreign tax	**786,659**	772,822	**–**	–
	2,426,360	2,814,074	**3,308**	1,656
Deferred taxation (Note 12)	**(51,952)**	(40,425)	**(1)**	(224)
(Over)/under provision in prior years	**(10,772)**	(4,902)	**164**	128
	2,363,636	2,768,747	**3,471**	1,560
Zakat	**15,000**	9,332	**–**	–
	2,378,636	2,778,079	**3,471**	1,560

Reconciliation between tax charge and the Malaysian tax rate:

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit before taxation and zakat	**9,540,731**	8,371,010	**3,139,740**	3,517,279
Less: Share of results of joint ventures	**58,914**	26,022	**–**	–
Share of results of associates	**(41,692)**	(66,261)	**–**	–
	9,557,953	8,330,771	**3,139,740**	3,517,279
Tax calculated at a rate of 24% (2022: 24%)	**2,293,909**	1,999,385	**753,538**	844,147
Income not subject to tax	**(75,305)**	(150,482)	**(750,268)**	(880,748)
Effects of different tax rates in other countries	**(53,893)**	(59,148)	**–**	–
Expenses not deductible for tax purposes	**208,770**	329,279	**37**	38,033
Utilisation/recognition of previously unrecognised deferred tax assets	**927**	(2,102)	**–**	–
Effect of change in tax rate arising from Cukai Makmur	**–**	656,717	**–**	–
(Over)/under provision in prior years	**(10,772)**	(4,902)	**164**	128
Tax expense	**2,363,636**	2,768,747	**3,471**	1,560

The Group is within the scope of the OECD Pillar Two model rules, which has been substantively enacted in Malaysia on 29 December 2023, where it is expected to be implemented in 2025. Pillar Two introduces a global minimum Effective Tax Rate (ETR) via a system where multinational groups with consolidated revenue over EUR 750 million are subject to a minimum ETR of 15% on income arising in low-tax jurisdictions.

As provided in the amendments to IAS 12 issued in May 2023, the Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

Notes to the Financial Statements
for the financial year ended 31 December 2023

46 EARNINGS PER SHARE

(A) BASIC EARNINGS PER SHARE

Basic earnings per share of the Group are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year.

	2023	2022
Net profit attributable to equity holders of the parent (RM'000)	**6,980,962**	5,439,863
Weighted average number of ordinary shares in issue ('000)	**10,665,102**	10,425,806
Basic earnings per share (expressed in sen per share)	**65.46**	52.18

(B) DILUTED EARNINGS PER SHARE

During the financial year ended 31 December 2023 and 31 December 2022, diluted EPS is calculated by dividing the net profit attributable to equity holders of the Parent, which require no adjustment for the effects of dilutive potential ordinary shares, by the weighted average number of ordinary shares in issue during the financial year and the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares.

	2023	2022
Net profit attributable to equity holders of the parent (RM'000)	**6,980,962**	5,439,863
Weighted average number of ordinary shares in issue ('000)		
– during the year	**10,665,102**	10,425,806
– effect of dilutive of potential ordinary shares[1]	**29,133**	17,467
Weighted average number of ordinary shares for diluted EPS	**10,694,235**	10,443,273
Diluted earnings per share (expressed in sen per share)	**65.28**	52.09

1 *The dilutive potential ordinary shares is arising from Employee Share Option Scheme ("ESOS") and Shares Grant Plan ("SGP"). The SGP is a restricted share unit scheme where vesting is subject to performance conditions. The number of shares calculated as above is compared with the number of shares that would have been issued assuming performance conditions are achieved.*

Notes to the Financial Statements
for the financial year ended 31 December 2023

47 DIVIDENDS PER ORDINARY SHARE

	The Group and the Company			
	2023		2022	
	Gross per share	Amount of dividend net of tax	Gross per share	Amount of dividend net of tax
	sen	RM'000	sen	RM'000
Interim dividend in respect of previous year	**13.00**	**1,386,463**[a]	12.55	1,282,792[a]
Interim dividend in respect of current year	**17.50**	**1,866,393**[b]	13.00	1,361,653[b]
	30.50	**3,252,856**	25.55	2,644,445

(a) *The dividend of 13.00 sen per ordinary share amounting to RM1,386,463,221 was paid on 12 April 2023.*

(b) *The dividend of 17.50 sen per ordinary share amounting to RM1,866,392,879 was paid on 12 October 2023.*

(c) *The dividend of 12.55 sen per ordinary share consists of electable portion of 12.55 sen per ordinary share, of which 10.61 sen per ordinary share was reinvested in new ordinary shares in accordance with the DRS amounting to RM1,084,519,044 and a total of RM198,273,150 cash dividend was paid on 25 April 2022.*

(d) *The dividend of 13.00 sen per ordinary share consists of a cash portion of 2.60 sen per ordinary share and an electable portion of 10.40 sen per ordinary share, of which 8.69 sen per ordinary share was reinvested in new ordinary shares in accordance with the DRS amounting to RM910,346,787 and a total of RM451,306,144 cash dividend was paid on 28 October 2022.*

Dividends recognised as distributions to owners:

The single-tier second interim dividend for the previous financial year was approved by the Board of Directors on 31 January 2023 and paid in the current financial year. This is shown as a deduction from the retained earnings in the statements of changes in equity in the current financial year.

The Directors have declared a single-tier first interim dividend of 17.50 sen per ordinary share, on 10,665,101,700 ordinary shares amounting to RM1,866 million in respect of the financial year ended 31 December 2023. The single-tier first interim dividend of 17.50 sen per ordinary share was approved by the Board of Directors on 31 July 2023 and paid on 12 October 2023.

The Directors have proposed a single-tier second interim dividend of 18.50 sen per ordinary share, on 10,665,101,700 ordinary shares amounting to RM1,973 million in respect of the financial year ended 31 December 2023. The single-tier second interim dividend was approved by the Board of Directors on 31 January 2024.

The Directors have proposed a single-tier special dividend of 7.00 sen per ordinary share, on 10,665,101,700 ordinary shares amounting to RM747 million in respect of the financial year ended 31 December 2023. The single-tier special dividend was approved by the Board of Directors on 31 January 2024.

The Financial Statements for the current financial year do not reflect the proposed single-tier second interim and special dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2024.

The Directors do not recommend the payment of any final dividend for the financial year ended 2023.

Notes to the Financial Statements

for the financial year ended 31 December 2023

48 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purposes of these financial statements, parties (both companies and key management personnel) are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence.

(A) THE RELATED PARTIES OF, AND THEIR RELATIONSHIP WITH THE COMPANY, ARE AS FOLLOWS:

Related parties	Relationship
Subsidiaries of the Company as disclosed in Note 14	Subsidiaries
Associates of the Company as disclosed in Note 15	Associates
Joint ventures as disclosed in Note 16	Joint ventures
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include all the Directors of the Company and employees of the Group who make certain critical decisions in relation to the strategic direction of the Group.

(B) RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. These transactions were carried out at terms not less favourable to other parties.

	Subsidiaries		Associates and joint ventures		Key management personnel	
Related party transactions	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
The Group						
Income earned						
Interest on loans, advances and financing	**-**	–	**11,877**	5,833	**11,713**	8,698
Fee income	**-**	–	**4,178**	6,397	**-**	–
Placement commission	**-**	–	**12,467**	13,786	**-**	–
Others (Note (a))	**-**	–	**154,035**	79,827	**3**	2
Expenditure incurred						
Interest on deposits from customers and securities sold under repurchase agreements/Collateralised Commodity Murabahah	**-**	–	**3,884**	1,928	**335**	135
Others	**-**	–	**529**	6,679	**-**	–

Notes to the Financial Statements
for the financial year ended 31 December 2023

48 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(B) RELATED PARTY TRANSACTIONS (CONTINUED)

Related party transactions	Subsidiaries 2023 RM'000	Subsidiaries 2022 RM'000	Associates and joint ventures 2023 RM'000	Associates and joint ventures 2022 RM'000	Key management personnel 2023 RM'000	Key management personnel 2022 RM'000
The Company						
Income earned						
Interest on deposits and placements with banks and financial institutions	**15,228**	7,902	**–**	–	**–**	–
Dividend income	**3,354,835**	3,131,843	**–**	–	**–**	–
Interest income on debt instruments at amortised cost	**317,285**	298,479	**–**	–	**–**	–
Interest income on debt instruments at fair value through other comprehensive income	**75,088**	81,800	**–**	–	**–**	–
Expenditure incurred						
Professional fees	**986**	502	**–**	–	**–**	–
Group services expense	**13,518**	11,176	**–**	–	**–**	–
Others	**1,255**	1,680	**–**	–	**–**	–

Note (a): Others mainly includes income on outsourcing services and interest on short term borrowing to PCSB, joint venture of the CIMB Bank amounting to RM147,986,000 (2022: RM72,462,000).

The breakdown of expenditure by geographical is as follows:

2023	<------------ The Group ------------>		<-------------------- The Company -------------------->		
	Interest expense RM'000	Others RM'000	Interest expense RM'000	Others RM'000	Group services expense RM'000
Malaysia	**2,375**	**31**	**–**	**2,241**	**13,518**
Singapore	**1,509**	**498**	**–**	**–**	**–**
	3,884	**529**	**–**	**2,241**	**13,518**

2022	<------------ The Group ------------>		<-------------------- The Company -------------------->		
	Interest expense RM'000	Others RM'000	Interest expense RM'000	Others RM'000	Group services expense RM'000
Malaysia	1,600	5,665	–	2,182	11,176
Singapore	328	1,014	–	–	–
	1,928	6,679	–	2,182	11,176

Notes to the Financial Statements

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48 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(C) RELATED PARTY BALANCES

Related party balances	Subsidiaries 2023 RM'000	Subsidiaries 2022 RM'000	Associates and joint ventures 2023 RM'000	Associates and joint ventures 2022 RM'000	Key management personnel 2023 RM'000	Key management personnel 2022 RM'000
The Group						
Amount due from						
Loans, advances and financing	**–**	–	**–**	238,943	**28,774**	20,418
Others	**–**	–	**3,818,499**	2,885,964	**–**	–
Amount due to						
Deposits from customers and securities sold under repurchase agreements/ Collateralised Commodity Murabahah	**–**	–	**85,234**	215,071	**34,198**	30,930
Others	**–**	–	**38,799**	1,170	**–**	–
The Company						
Amount due from						
Demand deposits, savings and fixed deposits	**363,691**	474,259	**–**	–	**–**	–
Debt instruments at fair value through other comprehensive income	**1,144,797**	1,737,110	**–**	–	**–**	–
Debt instruments at amortised cost	**8,468,345**	7,864,777	**–**	–	**–**	–
Others	**–**	209	**–**	–	**–**	–
Amount due to						
Others	**13,625**	531	**–**	–	**–**	–

Other inter-company balances are unsecured, non-interest bearing and repayable on demand.

(D) KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT COMPENSATION

	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Salaries and other employee benefits #	**94,600**	92,650	**13,842**	11,707

	The Group 2023 units	The Group 2022 units	The Company 2023 units	The Company 2022 units
Shares of the Company awarded from EOP	**761,505**	331,630	**–**	–
Shares of the Company awarded from LTIP				
– ESOS	**–**	5,493,000	**–**	–
– SGP	**–**	1,199,000	**–**	–

includes compensation paid by subsidiaries.

Notes to the Financial Statements

for the financial year ended 31 December 2023

48 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(D) KEY MANAGEMENT PERSONNEL (CONTINUED)

KEY MANAGEMENT COMPENSATION (CONTINUED)

Included in the above table is the Executive Directors' compensation which is disclosed in Note 44. The share options and shares granted are on the same terms and conditions as those offered to other employees of the Group and the Company as disclosed in Note 49 to the Financial Statements.

During the financial year, share based payment expenses to key management personnel of the Group and the Company amounted to RM5,962,000 (2022: RM29,653,000) and RM Nil (2022: RM Nil) respectively.

Loans made to other key management personnel of the Group and the Company are on similar terms and conditions generally available to other employees within the Group. There is no ECL made in 2023 and 2022 for the loans, advances and financing made to the key management personnel.

(E) CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

Credit exposures with connected parties as per Bank Negara Malaysia's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective in 2008 are as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
Outstanding credit exposures with connected parties	**11,963,339**	12,549,205
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	**2.1%**	2.3%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	**0.0%**	0.0%

(F) TRANSACTIONS WITH SHAREHOLDERS AND GOVERNMENT

Khazanah Nasional Berhad ("KNB"), the major shareholder of the Company, owns 23.01% of the issued share capital of the Company (2022: 24.06%). KNB is an entity controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Company.

The Group and the Company have collectively, but not individually, entered into significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's business on agreed terms and consistently applied in accordance with the Group's internal policies and processes. These rates do not depend on whether the counterparties are government-related entities or not.

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49 EMPLOYEE BENEFITS

EQUITY OWNERSHIP PLAN ("EOP")

The EOP was introduced on 1 April 2011 by the Group where the Group will grant ordinary shares of the Company to selected employees in the Group. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group will be utilised to purchase ordinary shares of the Company from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A subsidiary company will act on behalf of the Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of participation in the EOP shall be at the discretion of the Group Nomination and Remuneration Committee of the Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expenses of the Group recognised in statement of income during the financial year amounted to RM16,234,000 (2022: RM22,990,000).

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RM5.17 per ordinary share (2022: RM5.11), based on observable market price.

Movements in the number of the Company's ordinary shares awarded are as follows:

	2023 Total Shares (units '000)	**2022 Total Shares (units '000)**
At 1 January	**4,905**	11,979
Awarded	**4,228**	2,850
Released	**(3,449)**	(9,924)
At 31 December	**5,684**	4,905

LONG TERM INCENTIVE PLAN ("LTIP")

The Group implemented a Long Term Incentive Plan (LTIP) on 9 June 2021, which was approved by the shareholders at the Extraordinary General Meeting held on 15 April 2021. The LTIP is governed by the LTIP by-laws and is administered by the LTIP Committee.

The LTIP is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfil the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme (ESOS) and the Share Grant Plan (SGP).

- The ESOS is a share option scheme with a premium on the exercise price, and the LTIP Committee may, at any time within the duration of the LTIP, grant an ESOS award to eligible employees, subject to the terms and conditions of the by-laws. The ESOS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

- The SGP is a restricted share unit scheme where vesting is subject to performance conditions, and the LTIP Committee may, at any time within the duration of the LTIP, grant an SGP award to eligible employees, subject to the terms and conditions of the by-laws. The SGP shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

Notes to the Financial Statements
for the financial year ended 31 December 2023

49 EMPLOYEE BENEFITS (CONTINUED)
LONG TERM INCENTIVE PLAN ("LTIP") (CONTINUED)

(i) Details of ESOS shares awarded:

Award Date	Fair Value RM	Awarded (Units'000)	Vesting Dates
9 June 2021 – First grant	0.45	216,758	31 March 2024 31 March 2025
31 March 2022 – Second grant	0.75	8,991	31 March 2024 31 March 2025
8 September 2022 – Third grant	0.74	3,430	31 March 2024 31 March 2025
8 December 2022 – Fourth grant	0.81	660	31 March 2024 31 March 2025

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2023:

Award Date	As at 1 January 2023 (Units'000)	Movement during the year: Awarded (Units'000)	Movement during the year: Forfeited (Units'000)	Outstanding as at 31 December 2023 (Units'000)	Exercisable as at 31 December 2023 (Units'000)
9 June 2021 – First grant	185,503	–	(6,685)	178,818	–
31 March 2022 – Second grant	8,921	–	(73)	8,848	–
8 September 2022 – Third grant	3,430	–	–	3,430	–
8 December 2022 – Fourth grant	660	–	–	660	–

The fair value of ESOS shares awarded was determined using the Black Scholes model based on the terms and conditions of ESOS awards. The fair value of ESOS shares measured, closing share price at grant date and the valuation assumptions are as follows:

	Award Date			
	9 June 2021 – First grant	31 March 2022 – Second grant	8 September 2022 – Third grant	8 December 2022 – Fourth grant
Fair value of ESOS shares (RM)	0.45	0.75	0.74	0.81
Exercise Price (RM)	4.96	5.58	5.75	5.93
Closing share price at award date (RM)	4.65	5.33	5.40	5.61
Option term	From award date until 8 June 2028	From award date until 8 June 2028	From award date until 8 June 2028	From award date until 8 June 2028
Expected volatility (%)	23.60	24.85	25.04	25.62
Risk-free rate (%)	2.87	3.50	3.82	3.69
Discounted dividend flow	2.05	1.72	1.67	1.63

Notes to the Financial Statements
for the financial year ended 31 December 2023

49 EMPLOYEE BENEFITS (CONTINUED)
LONG TERM INCENTIVE PLAN ("LTIP") (CONTINUED)

(ii) Details of SGP shares awarded:

Award Date	Fair Value RM	Awarded (Units'000)	Vesting Dates*
9 June 2021 – First grant	4.65	15,748	31 March 2024 31 March 2025
31 March 2022 – Second grant	5.33	1,965	31 March 2024 31 March 2025
8 September 2022 – Third grant	5.40	736	31 March 2024 31 March 2025
8 December 2022 – Fourth grant	5.61	142	31 March 2024 31 March 2025

* *Subject to performance conditions*

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2023:

Award Date	Outstanding as at 1 January 2023 (Units'000)	Movement during the year		Outstanding as at 31 December 2023 (Units'000)
		Awarded (Units'000)	Forfeited (Units'000)	
9 June 2021 – First grant	13,471	–	(485)	12,986
31 March 2022 – Second grant	1,950	–	(16)	1,934
8 September 2022 – Third grant	736	–	–	736
8 December 2022 – Fourth grant	142	–	–	142

The fair value of SGP shares awarded was determined using the closing market price of CIMB shares on the award date, as shown below:

	Award Date			
	9 June 2021 – First grant	31 March 2022 – Second grant	8 September 2022 – Third grant	8 December 2022 – Fourth grant
Fair value of SGP shares (RM)	4.65	5.33	5.40	5.61
Closing share price at award date (RM)	4.65	5.33	5.40	5.61

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49 EMPLOYEE BENEFITS (CONTINUED)

EMPLOYEE STOCK OPTION MANAGEMENT PROGRAM ESTABLISHED USING THE SHARES OF SUBSIDIARY OF THE COMPANY – PT BANK CIMB NIAGA ("MESOP")

The MESOP is a one-time program to reward performance and loyalty of management and selected employees. The amount implemented is 208,216,392 sheets which was approved at the Extraordinary General Meeting of Shareholders on 24 August 2017. This program was launched on 26 February 2018.

The amount of shares allocated to each employees is determined by considering the compensation received, current positions in the company, and performance of the past 2 years. The total amount of shares allocated to the MESOP program is 208.2 million shares, in which 12 millions of shares will be allocated for the share grants and 196.2 millions of shares for the share options. The first 40% of the share options are vested on 26 February 2018 (with condition of lock-up period up to 25 October 2018), another 30% of options are vested on 25 April 2019, and the last 30% of options are vested on 25 April 2020. Every share options corridor has different strike prices.

There are no dividends paid to share option holders before the option is exercised. All treasury shares that were repurchased on 22 February 2018 but not transferred up to 22 February 2021, must be made at the latest within 2 years and will be extended for another 1 year ending 22 February 2024, should the shares not fully transferred, based on POJK No.30/POJK.04/2017. During the financial year, some of the treasury shares were disposed in the market.

The total share-based payment expenses of the Group recognised in statement of income during the financial year amounted to RM Nil (2022: RM Nil).

MATERIAL RISK TAKERS PROGRAMME ("MRT") ESTABLISHED USING THE SHARES OF SUBSIDIARY OF THE COMPANY – PT BANK CIMB NIAGA

In accordance with POJK No. 45/POJK.03/2015 concerning the Implementation of Governance in Providing Remuneration for Commercial Banks, Banks are required to provide variable remuneration in the form of shares or stock-based instruments to parties that have been designated as Material Risk Takers (MRT), which is a remuneration policy in attracting, motivating and retaining the best employees in order to provide qualified human resources. The remuneration policy includes and applies to employees in businesses, operational and support functions.

In 2018, CIMB Niaga has conducted share buyback of 2,677,900 shares. On August 2018, CIMB Niaga had distributed all shares from the share buyback to the management and employee who are eligible Material Risk Takers.

On 25 March 2019, CIMB Niaga has obtained the OJK approval through letter No.S-19/PB.33/2019 dated 25 March 2019 to repurchase shares of a maximum of 20,000,000 (full amount) shares at a cost of up to Rp25,000 (including transaction fees and taxes).

The total share-based payment expenses of the Group recognised in statement of income during the financial year amounted to RM Nil (2022: RM95,000).

Notes to the Financial Statements

for the financial year ended 31 December 2023

50 CAPITAL COMMITMENTS

Capital expenditure approved by Directors but not provided for in the Financial Statements are as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
Capital expenditure:		
Authorised and contracted for	**382,298**	419,721
Authorised but not contracted for	**1,237,338**	1,384,925
	1,619,636	1,804,646

Analysed as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
Property, plant and equipment	**855,975**	970,812
Computer software	**763,661**	833,834
	1,619,636	1,804,646

51 COMMITMENTS AND CONTINGENCIES

(i) In the normal course of business, the Group and the Company enter into various commitments and incur certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Company, except for certain financial assets at fair value through profit or loss being pledged as credit support assets for certain over-the-counter derivative contracts.

Treasury related derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively. Refer to Note 9.

The notional or principal amount of the credit-related commitments and contingencies constitute the following:

The Group	**2023 Principal RM'000**	**2022 Principal RM'000**
Credit-related		
Direct credit substitutes	**5,231,528**	6,897,580
Certain transaction-related contingent items	**7,538,947**	7,132,974
Short-term self-liquidating trade-related contingencies	**5,285,710**	4,151,626
Obligations under underwriting agreement	**–**	87,500
Irrevocable commitments to extend credit:		
– Maturity not exceeding one year	**95,046,686**	86,747,649
– Maturity exceeding one year	**35,916,513**	38,062,217
Miscellaneous commitments and contingencies	**418,696**	748,588
Total credit-related commitments and contingencies	**149,438,080**	143,828,134
Total treasury-related commitments and contingencies (Note 9)	**1,512,640,727**	1,227,595,163
	1,662,078,807	1,371,423,297

Notes to the Financial Statements

for the financial year ended 31 December 2023

51 COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer to Note 10 for more details) as follows:

	The Group	
	2023 Principal RM'000	**2022 Principal RM'000**
Irrevocable commitments to extend credit:		
– maturity not exceeding one year	**2,500,000**	3,000,000
– maturity exceeding one year	**100,000**	–
	2,600,000	3,000,000

(ii) CIMB Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

52 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision-maker.

Segment information is presented in respect of the Group's business segment and geographical segment.

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure.

(A) BUSINESS SEGMENT REPORTING

Definition of segments

The Group has four major operating divisions that form the basis on which the Group reports its segment information.

(i) *Consumer Banking*

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic financial products and services such as residential property loans, non-residential property loans, secured personal loans, motor vehicle financing, credit cards, unsecured personal financing, wealth management, bancassurance, remittance and foreign exchange, deposits and internet banking services.

(ii) *Commercial Banking*

Commercial Banking offers products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products and services include banking credit facilities, trade financing, cash management, online business banking platform, remittance and foreign exchange, as well as general deposit products.

Notes to the Financial Statements

for the financial year ended 31 December 2023

52 SEGMENT REPORTING (CONTINUED)

(A) BUSINESS SEGMENT REPORTING (CONTINUED)

(iii) Wholesale Banking

Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, Equities and Private Banking.

- Investment Banking includes end-to-end client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and financial institutional clients whereas advisory offers financial advisory services to corporations on issuance of equity and equity-linked products, debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

- Corporate Banking offers a broad spectrum of both conventional and Islamic funding solutions ranging from trade, working capital lines and capital expenditure to leveraging, merger and acquisition, leveraged and project financing. Corporate Banking's client managers partner with product specialists within the Group to provide a holistic funding solution, from cash management, trade finance, foreign exchange, custody and corporate loans, to derivatives, structured products and debt capital market.

- Treasury focuses on treasury activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments. It includes the Group's equity derivatives which develops and issues new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues.

- Transaction Banking comprises Trade Finance and Cash Management which provide various trade facilities and cash management solutions.

- Equities provides broking services to corporate, institutional and retail clients.

- Private Banking offers a full suite of wealth management solutions to high net worth individuals with access to a complete range of private banking services, extending from investment to securities financing to trust services.

(iv) CIMB Digital Assets & Group Funding (previously known as Group Ventures & Partnerships and Funding)

CIMB Digital Assets (previously Group Ventures & Partnerships) drives all strategic partnerships across business lines Group-wide and explores strategic equity joint ventures in the ecosystem space. Group Funding encompasses a wide range of activities from capital, balance sheet and fixed income investments and management, as well as the funding and incubation of corporate ventures and projects.

Notes to the Financial Statements

for the financial year ended 31 December 2023

52 SEGMENT REPORTING (CONTINUED)

(A) BUSINESS SEGMENT REPORTING (CONTINUED)

	31 December 2023				
Group	**Consumer Banking RM'000**	**Commercial Banking RM'000**	**Wholesale Banking RM'000**	**CIMB Digital Assets & Group Funding RM'000**	**Total RM'000**
Net interest income – after modification loss					
– External income	4,688,519	1,422,383	3,493,896	1,478,908	11,083,706
– Inter-segment (expense)/income	305,796	790,667	(1,262,830)	166,367	–
	4,994,315	2,213,050	2,231,066	1,645,275	11,083,706
Income from Islamic Banking operations	2,025,391	1,082,665	728,402	423,878	4,260,336
Net non-interest income	1,746,726	659,139	2,797,962	466,613	5,670,440
Net income	8,766,432	3,954,854	5,757,430	2,535,766	21,014,482
Overheads of which:	(4,988,055)	(1,943,878)	(2,314,272)	(618,871)	(9,865,076)
– Depreciation of property, plant and equipment	(104,952)	(4,980)	(13,886)	(187,199)	(311,017)
– Amortisation of intangible assets	(120,632)	(16,293)	(71,559)	(278,300)	(486,784)
Profit before expected credit losses	3,778,377	2,010,976	3,443,158	1,916,895	11,149,406
Expected credit losses made on loans, advances and financing	(641,144)	(229,840)	(389,840)	(273,622)	(1,534,446)
Expected credit losses written back for commitments and contingencies	26,959	2,858	145,103	1	174,921
Other expected credit losses and impairment allowances (made)/written back	(172,910)	1,439	(49,450)	(11,007)	(231,928)
Segment results	2,991,282	1,785,433	3,148,971	1,632,267	9,557,953
Share of results of joint ventures	(10,595)	–	–	(48,319)	(58,914)
Share of results of associates	–	–	–	41,692	41,692
Profit before taxation and zakat	2,980,687	1,785,433	3,148,971	1,625,640	9,540,731
Taxation and zakat					(2,378,636)
Profit for the financial year					7,162,095
Segment assets	228,023,511	70,799,346	298,457,173	115,294,611	712,574,641
Investment in associates and joint ventures	152,311	–	–	2,244,214	2,396,525
	228,175,822	70,799,346	298,457,173	117,538,825	714,971,166
Unallocated assets	–	–	–	–	18,600,986
Total assets	228,175,822	70,799,346	298,457,173	117,538,825	733,572,152
Segment liabilities	197,380,697	91,617,444	290,428,444	60,849,572	640,276,157
Unallocated liabilities	–	–	–	–	23,457,104
Total liabilities	197,380,697	91,617,444	290,428,444	60,849,572	663,733,261
Other segment items					
Capital expenditure	263,583	22,416	105,367	519,920	911,286
Investment in joint ventures	152,311	–	–	2,150,055	2,302,366
Investment in associates	–	–	–	94,159	94,159

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for the financial year ended 31 December 2023

52 SEGMENT REPORTING (CONTINUED)

(A) BUSINESS SEGMENT REPORTING (CONTINUED)

	31 December 2022				
Group	**Consumer Banking RM'000**	**Commercial Banking RM'000**	**Wholesale Banking RM'000**	**CIMB Digital Assets & Group Funding RM'000**	**Total RM'000**
Net interest income – after modification loss					
– External income	5,169,977	1,822,278	3,202,624	1,434,749	11,629,628
– Inter-segment income/(expense)	(167,594)	523,153	(142,521)	(213,038)	–
	5,002,383	2,345,431	3,060,103	1,221,711	11,629,628
Income from Islamic Banking operations	1,974,728	878,129	656,984	490,008	3,999,849
Net non-interest income	1,720,469	540,441	1,764,551	172,127	4,197,588
Gain on disposal and deemed disposal of subsidiaries, joint ventures and associates	–	–	–	10,451	10,451
	8,697,580	3,764,001	5,481,638	1,894,297	19,837,516
Overheads of which:	(4,665,643)	(1,803,823)	(2,217,004)	(659,037)	(9,345,507)
– Depreciation of property, plant and equipment	(110,688)	(5,152)	(15,408)	(169,669)	(300,917)
– Amortisation of intangible assets	(137,682)	(14,109)	(74,243)	(369,615)	(595,649)
Profit before expected credit losses	4,031,937	1,960,178	3,264,634	1,235,260	10,492,009
Expected credit losses made on loans, advances and financing	(1,001,330)	(494,844)	(323,798)	(132,753)	(1,952,725)
Expected credit losses written back/(made) for commitments and contingencies	82,456	756	(113,979)	11	(30,756)
Other expected credit losses and impairment allowances (made)/written back	(370,037)	(9,929)	207,739	(5,530)	(177,757)
Segment results	2,743,026	1,456,161	3,034,596	1,096,988	8,330,771
Share of results of joint ventures	16,749	–	–	(42,771)	(26,022)
Share of results of associates	–	–	24,567	41,694	66,261
Profit before taxation and zakat	2,759,775	1,456,161	3,059,163	1,095,911	8,371,010
Taxation and zakat					(2,778,079)
Profit for the financial year					5,592,931
Segment assets	211,410,147	64,078,193	273,763,397	97,654,836	646,906,573
Investment in associates and joint ventures	162,906	–	–	2,304,101	2,467,007
	211,573,053	64,078,193	273,763,397	99,958,937	649,373,580
Unallocated assets	–	–	–	–	17,347,645
Total assets	211,573,053	64,078,193	273,763,397	99,958,937	666,721,225
Segment liabilities	170,804,101	84,449,789	271,298,915	50,590,077	577,142,882
Unallocated liabilities	–	–	–	–	25,794,490
Total liabilities	170,804,101	84,449,789	271,298,915	50,590,077	602,937,372
Other segment items					
Capital expenditure	315,777	19,759	91,596	473,369	900,501
Investment in joint ventures	162,906	–	–	2,262,315	2,425,221
Investment in associates	–	–	–	41,786	41,786

Notes to the Financial Statements

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52 SEGMENT REPORTING (CONTINUED)

(A) BUSINESS SEGMENT REPORTING (CONTINUED)

Basis of pricing for inter-segment transfers:

Inter-segmental charges are computed principally based on the interest-bearing assets and liabilities of each business segment with appropriate rates applied.

(B) GEOGRAPHICAL SEGMENT REPORTING

The Group's business segments are managed on a worldwide basis and they operate mainly in four main geographical areas:

– Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.

– Indonesia, the areas of operation in this country include all the business segments of a subsidiary bank, PT Bank CIMB Niaga Tbk.

– Thailand, the areas of operation in this country include all the business segments of a subsidiaries, CIMB Thai Bank Public Company Limited and Sathorn Asset Management Company Limited.

– Singapore, the areas of operation in this country include all the business segments of a subsidiary bank, CIMB branch in Singapore.

– Other countries include branch and subsidiary operations in United Kingdom, China, Cambodia, Hong Kong, Vietnam and Philippines. The overseas operations involved mainly in corporate lending and borrowing, and stockbroking activities. With the exception of Malaysia, Indonesia, Thailand and Singapore, no other individual country contributed more than 10% of the consolidated net interest income or assets.

The Group	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000
2023				
Malaysia	**4,628,927**	**11,264,632**	**453,875,815**	**410,876,590**
Indonesia	**3,463,968**	**1,409,359**	**98,571,267**	**84,906,343**
Thailand	**1,300,258**	**319,806**	**68,240,896**	**61,826,488**
Singapore	**1,013,485**	**249,027**	**93,417,265**	**88,097,085**
Other countries	**677,068**	**261,231**	**19,466,909**	**18,026,755**
	11,083,706	**13,504,055**	**733,572,152**	**663,733,261**
2022				
Malaysia	5,489,007	11,129,443	419,575,810	378,296,622
Indonesia	3,578,811	1,399,938	85,490,777	73,747,116
Thailand	1,241,997	303,289	63,155,144	57,221,665
Singapore	848,268	246,043	81,384,254	77,317,444
Other countries	471,545	225,529	17,115,240	16,354,525
	11,629,628	13,304,242	666,721,225	602,937,372

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for the financial year ended 31 December 2023

53 SIGNIFICANT EVENTS

53.1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Issuance of bonds and Sukuk

(i) On 8 February 2023, CIMB Niaga Auto Finance issued unsecured IDR1,000,000 million bonds. The bonds are divided into 370 days Series A Bond and 3 years Series B Bond amounted to IDR700,000 million and IDR300,000 million, with fixed interest rate of 6.25% and 7.15% per annum respectively, as disclosed in Note 30(s);

(ii) On 5 July 2023, CIMB Bank Berhad issued RM14.0 million of senior medium term notes ("the MTN") under its RM20.0 billion Senior Medium Term Note Programme, as disclosed in Note 30(t);

(iii) On 17 July 2023, CIMB Bank Berhad issued RM19.0 million of senior medium term notes ("the MTN") under its RM20.0 billion Senior Medium Term Note Programme. The MTN is a zero coupon bond that will mature on 18 July 2024, as disclosed in Note 30(u);

(iv) On 28 July 2023, CIMB Bank issued USD130.0 million 5-year floating rate notes under its USD5.0 billion Global Medium Term Note Programme, bearing a coupon rate of SOFR plus 1.00% per annum payable quarterly, as disclosed in Note 30(v);

(v) On 15 August 2023, CIMB Bank Berhad issued RM17.0 million of senior medium term notes ("the MTN") under its RM20.0 billion Senior Medium Term Note Programme. The MTN is a zero coupon bond that will mature on 19 August 2024, as disclosed in Note 30(w);

(vi) On 26 September 2023, CIMB Bank issued USD30.0 million 1-year floating rate notes under its USD5.0 billion Global Medium Term Note Programme, bearing a coupon rate of SOFR plus 0.50% per annum payable quarterly, as disclosed in Note 30(x);

(vii) On 3 October 2023, CIMB Bank issued USD100.0 million 35-month fixed rate notes under its USD5.0 billion Global Medium Term Note Programme, bearing a coupon rate of 5.45% per annum payable quarterly, as disclosed in Note 30(y);

(viii) On 30 November 2023, CIMB Islamic issued RM100 million senior sukuk under its RM10 billion Sukuk Wakalah Programme, bearing a profit rate of 3.95% per annum payable semi-annually, will mature on 30 November 2026, as disclosed in Note 30(z);

(ix) On 30 November 2023, CIMB Islamic issued RM600 million senior sukuk under its RM10 billion Sukuk Wakalah Programme, bearing a profit rate of 4.02% per annum payable semi-annually, will mature on 30 November 2028, as disclosed in Note 30(aa);

(x) On 30 November 2023, CIMB Islamic Bank issued RM300 million senior sukuk under its RM10 billion Sukuk Wakalah Programme, bearing a profit rate of 4.31% per annum payable semi-annually, will mature on 29 November 2030, as disclosed in Note 30(ab).

(b) Full redemption of bonds and Sukuk

The redemptions during the financial year are as follows:

(i) On 20 September 2023, CIMB Niaga redeemed its 5-year Series C Bond amounted to IDR118,000 million as disclosed in Note 30(d);

(ii) On 27 March 2023, CIMB Niaga redeemed its 3-year Series B Bond amounted to IDR287,000 million as disclosed in Note 30(l).

(c) Issuance of MTN of the Company

(i) On 12 June 2023, CIMBGH issued RM350 million 1-year MTN which will mature on 12 June 2024. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value. The MTN bears an interest rate of 3.88% per annum payable semi-annually as disclosed in Note 31(a);

(ii) On 15 November 2023, the Company issued RM5.0 million 1-month CPs under its Conventional Commercial Papers Programme. The CPs bear a discount rate of 3.50% and were fully redeemed on 15 December 2023 as disclosed in Note 31(a).

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53 SIGNIFICANT EVENTS (CONTINUED)

53.1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(d) Full redemption of MTN of the Company

On 12 June 2023, CIMBGH redeemed its RM350 million 3-year Medium Term Notes ("MTN") issued under the existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value, as disclosed in Note 31(a).

(e) Issuance of subordinated obligations

Issuance during the financial year are as follows:

(i) On 8 March 2023, the Company issued RM400 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah bearing a periodic distribution rate of 4.30% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme. The proceeds from the issuance were used to subscribe to the RM400 million Tier 2 Sustainability Sukuk Wakalah issued by CIMB Bank on the same day, based on similar terms. (see Note 32(q));

(ii) On 29 March 2023, CIMB Thai issued RM415 million Basel III compliant Tier 2 subordinated notes which will mature on 29 March 2033. The subordinated notes carry fixed interest rate of 4.70% per annum payable every six months. (See Note 32(r));

(iii) On 23 October 2023, the Company issued RM400 million Perpetual non-callable 5 years Additional Tier 1 Sustainability Sukuk Wakalah, bearing a periodic distribution rate of 4.75% per annum, payable on a semi-annual basis. (See Note 32(s));

(iv) On 23 October 2023, the Company issued RM900 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah, bearing a periodic distribution rate of 4.36% per annum, payable on a semi-annual basis. (See Note 32(t)).

(f) Full redemption of subordinated obligations of the Group

The redemptions during the financial year are as follows:

(i) On 29 March 2023, the Company redeemed its existing RM700 million Tier 2 Subordinated Debt issued under RM10.0 billion Tier 2 Subordinated Debt Programme on the first call date as disclosed in Note 32(a);

(ii) On 29 March 2023, CIMB Thai redeemed its existing RM390 million Tier 2 subordinated notes as disclosed in Note 32(b);

(iii) On 23 October 2023, the Company redeemed its existing RM1.0 billion Additional Tier 1 Capital Securities issued as disclosed in Note 32(d);

(iv) On 15 November 2023, CIMB Niaga redeemed its existing IDR75 billion subordinated notes as disclosed in Note 32(e).

(g) Redemption of Redeemable Preference shares by CIMB Bank

On 17 July 2023, CIMB Bank redeemed its existing 2,974,009,486 Redeemable Preference Shares, equivalent to RM29.7 million as disclosed in Note 14.

(h) Acquisition of KAF

On 7 April 2023, CIMB Investment Bank Bhd ("CIMB Investment") entered into a conditional Share Purchase Agreement ("SPA") with KAF-Seagroatt & Campbell Berhad ("KAFSC") for a proposed acquisition by CIMB Investment of 80,000,000 ordinary shares in KAF Equities Sdn Bhd ("KESB"), representing 100% of the equity interest in KESB, from KAFSC, for an indicative cash consideration of RM147.9 million subject to, amongst others, certain price adjustments at the completion date as well as the terms and conditions of the SPA.

The completion of the SPA is subject to fulfilment of certain conditions precedent, including but not limited to, obtaining written approvals of Bank Negara Malaysia ("BNM") and the Securities Commission of Malaysia. On 2 August 2023 and 26 December 2023, CIMB Investment received an approval from BNM and SC respectively for the Proposed Acquisition.

The Proposed Acquisition was completed on 8 February 2024 with an adjusted final purchase consideration of RM144,706,000. Following the completion of the Proposed Acquisition, KESB has become a wholly owned subsidiary of the Group.

On 11 March 2024, KESB has changed its name to CIMB Securities Sdn Bhd.

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53 SIGNIFICANT EVENTS (CONTINUED)

53.2 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

ISSUANCE OF STRUCTURED DEBENTURES AT CIMB THAI

Subsequent to the financial year, CIMB Thai issued various unsecured structured debentures amounting to THB171.6 million with tenures ranges between 1 month to 3 months from respective issuance dates. It bears variable interest rates depending on the movement of the price per fund unit of the Reference Fund, payable at respective maturity dates.

CIMB Thai had also redeemed various unsecured structured debentures amounting to THB309.4 million subsequent to the financial year.

54 CAPITAL ADEQUACY

The key driving principles of the Group's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by CIMB Group Executive Committee who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group are also provided to the Board of Directors.

The capital adequacy ratios of the banking subsidiaries of the Group are computed as follows:

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework ("CAF") (Capital Components)/Capital Adequacy Framework for Islamic Banks ("CAFIB") (Capital Components), of which the latest revision was issued on 15 December 2023. The revised guidelines took effect on 15 December 2023 for all banking institutions and financial holding companies and sets up the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

On 5 February 2020, BNM issued the policy document on Domestic Systemically Important Banks (D-SIB) Framework, which sets out BNM's assessment methodology to identify D-SIBs in Malaysia, following which CIMB Group Holdings Berhad has been identified as a D-SIB. A D-SIB is required to maintain additional capital buffers to regulatory capital requirements that include a higher loss absorbency (HLA) requirement which came into effect on 31 January 2021. The applicable HLA requirements will be in accordance to the list of D-SIBs published and updated by BNM on an annual basis.

The risk-weighted assets of the Bank Group and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets), of which the latest revision was issued on 18 December 2023.

The Internal Ratings Based ("IRB") Approach adopted by CIMB Bank and CIMB Islamic Bank is applied for the major credit exposures with retail exposures on Advanced IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach. As for CIMB Investment Bank Group, the Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on the Basic Indicator Approach.

The capital adequacy ratios of CIMB Thai Bank is based on the Bank of Thailand's (BOT) Notification No. SorNorSor. 12/2555 Re: Regulations on Supervision of Capital for Commercial Banks, dated 8 November 2012. Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The capital adequacy ratios of Bank CIMB Niaga is based on Otoritas Jasa Keuangan's (OJK) requirements. The approach for Credit Risk and Market Risk is based on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach. With effect from 1 January 2023, Operational Risk is based on Standardised Approach as stipulated by SEOJK No 6/SEOJK.03/2020.

The regulatory compliance ratio of CIMB Bank PLC refers to the Solvency Ratio. The Solvency ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived from CIMB Bank PLC's net worth divided by its risk-weighted assets.

The capital adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in Circular 41/2016/TT-NHNN (dated 30 December 2016), which requires banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risks. Prior to 2020, the capital adequacy ratio of CIMB Bank (Vietnam) Ltd. was calculated and managed according to local regulations as per the requirement of (SBV) in circular 36/2014/TT-NHNN dated 20 November 2014 with minimum compliance of 9%, amended by circular 06/2016/TT-NHNN dated 27 May 2016 and circular 19/2017/TT-NHNN dated 28 December 2017.

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54 CAPITAL ADEQUACY (CONTINUED)

CAPITAL STRUCTURE AND ADEQUACY

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group as at 31 December 2023 and 31 December 2022. The banking subsidiaries issue various capital instruments pursuant to the respective regulatory guidelines, that qualify as capital pursuant to the CAF and CAFIB issued by BNM.

The respective banking subsidiaries as listed in note 54(c) have complied with the capital requirements in accordance with the local regulatory requirements for the financial year ended 31 December 2023 and 31 December 2022.

(a) The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group as at 31 December 2023 and 31 December 2022.

	The Group	
	2023	**2022**
Before deducting proposed dividend		
Common equity tier 1 ratio	**15.259%**	14.943%
Tier 1 ratio	**15.874%**	15.792%
Total capital ratio	**18.926%**	18.891%
After deducting proposed dividend		
Common equity tier 1 ratio	**14.511%**	14.526%
Tier 1 ratio	**15.126%**	15.375%
Total capital ratio	**18.178%**	18.474%

The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
Credit risk [1]	**306,189,404**	283,348,349
Market risk	**19,836,990**	13,981,992
Large exposure risk requirements	**1,235,055**	1,194,330
Operational risk	**36,311,913**	33,969,638
Total risk-weighted assets	**363,573,362**	332,494,309

[1] The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 10(i)(c) for more details) are as follows:

	The Group	
	2023 RM'000	**2022 RM'000**
Under Restricted Agency Investment Account arrangement	**830,893**	857,557

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54 CAPITAL ADEQUACY (CONTINUED)

(b) Components of Tier 1 and Tier 2 capital for the financial year ended 31 December 2023 and 31 December 2022 are as follows:

	The Group	
	2023 **RM'000**	**2022** **RM'000**
Common Equity Tier 1 capital		
Ordinary share capital	**29,094,547**	29,094,547
Other reserves	**39,232,414**	33,396,659
Qualifying non-controlling interests	**547,876**	484,612
Less: Proposed dividends	**(2,719,601)**	(1,386,463)
Common Equity Tier 1 capital before regulatory adjustments	**66,155,236**	61,589,355
Less: Regulatory adjustments		
Goodwill	**(6,475,948)**	(6,382,440)
Intangible assets	**(1,801,788)**	(1,798,512)
Deferred tax assets	**(1,994,990)**	(1,866,077)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	**(2,193,317)**	(3,062,743)
Regulatory reserve	**(1,102,571)**	(417,993)
Others	**171,804**	236,434
Common Equity Tier 1 capital after regulatory adjustments	**52,758,426**	48,298,024
Additional Tier 1 capital		
Perpetual subordinated capital securities	**2,150,000**	2,750,000
Qualifying capital instruments held by third parties	**86,332**	72,768
	2,236,332	2,822,768
Less: Regulatory adjustments		
Investments in own Additional Tier 1 capital instruments	**–**	–
Additional Tier 1 capital after regulatory adjustments	**2,236,332**	2,822,768
Total Tier 1 capital	**54,994,758**	51,120,792
Tier 2 capital		
Subordinated obligations	**8,400,000**	7,800,000
Qualifying capital instruments held by third parties	**83,869**	71,903
Surplus of eligible provisions over expected loss	**1,122,690**	1,024,699
General provisions √	**1,488,429**	1,407,065
Tier 2 capital before regulatory adjustments	**11,094,988**	10,303,667
Less: Regulatory adjustments		
Investments in own Tier 2 capital instruments	**–**	–
Total Tier 2 capital	**11,094,988**	10,303,667
Total capital	**66,089,746**	61,424,459

Notes to the Financial Statements
for the financial year ended 31 December 2023

54 CAPITAL ADEQUACY (CONTINUED)

(c) The capital adequacy of the banking subsidiary companies of the Group are as follows:

	CIMB Bank Group^	CIMB Bank**^	CIMB Islamic Bank	CIMB Investment Bank Group	CIMB Thai Bank	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
2023								
Before deducting proposed dividend								
Common equity tier 1 ratio	**15.375%**	**15.628%**	**12.996%**	**106.562%**	**15.255%**	**22.394%**	**N/A**	**N/A**
Tier 1 ratio	**15.781%**	**16.069%**	**13.522%**	**106.562%**	**15.255%**	**22.394%**	**N/A**	**N/A**
Total capital ratio	**19.399%**	**19.949%**	**15.545%**	**106.562%**	**20.876%**	**23.527%**	**20.407%**	**60.916%**
After deducting proposed dividend								
Common equity tier 1 ratio	**14.795%**	**14.695%**	**12.996%**	**98.955%**	**15.255%**	**22.394%**	**N/A**	**N/A**
Tier 1 ratio	**15.201%**	**15.136%**	**13.522%**	**98.955%**	**15.255%**	**22.394%**	**N/A**	**N/A**
Total capital ratio	**18.819%**	**19.015%**	**15.545%**	**98.955%**	**20.876%**	**23.527%**	**20.407%**	**60.916%**
2022								
Before deducting proposed dividend								
Common equity tier 1 ratio	15.504%	15.491%	14.040%	97.816%	15.068%	20.779%	N/A	N/A
Tier 1 ratio	16.166%	16.308%	14.670%	97.816%	15.068%	20.779%	N/A	N/A
Total capital ratio	19.822%	20.031%	17.078%	97.816%	20.780%	21.862%	18.615%	56.979%
After deducting proposed dividend								
Common equity tier 1 ratio	15.139%	14.918%	14.040%	94.645%	15.068%	20.779%	N/A	N/A
Tier 1 ratio	15.802%	15.736%	14.670%	94.645%	15.068%	20.779%	N/A	N/A
Total capital ratio	19.458%	19.458%	17.078%	94.645%	20.780%	21.862%	18.615%	56.979%

** Includes the operations of CIMB Bank (L) Limited.

√ Total Capital of CIMB Group as at 31 December 2023 has excluded general provisions restricted from Tier II capital of RM1,548 million (2022: RM1,369 million).

^ The Directors have proposed a single tier special dividend of RM1,500 million in respect of the financial year ended 31 December 2023. The proposed single tier special dividend was approved by the Board of Directors on 30 January 2024.

On 30 January 2024, the Directors have approved the proposed new issuance of 239,612,121 ordinary shares by CIMB Bank at an issue price of RM6.26 per ordinary share. The issuance is made in satisfaction of a dividend payable.

The proposed single tier special dividend and the proposed share issuance of new shares, collectively, do not have an impact on the capital ratios of CIMB Bank.

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for the financial year ended 31 December 2023

55 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Expected credit loss allowance on financial assets at amortised cost and FVOCI

The expected credit loss allowance for financial assets at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit loss, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit loss;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit loss; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit loss.

Refer to Section 57.1 Credit risk measurement for details on the key judgements and assumptions of the estimation of expected credit loss allowance for financial assets at amortised cost and FVOCI.

(b) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M(a) of the Summary of Material Group Accounting Policies.

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various cash- generating-units ("CGU"). The goodwill is then allocated to these various CGU. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value.

The carrying value of the CGU, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the individual CGU's pre-tax discount rate, which reflect the specific risks relating to the CGU. This requires exercise of judgement. Refer to Note 20 for details of these assumptions and the potential impact of changes to the assumptions. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

Value-in-use does not reflect future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed.

(c) Investment in joint ventures impairment

The Group tests annually whether the investment in joint ventures have suffered any impairment in accordance with the accounting policy stated in Note B of the Summary of Material Group Accounting Policies.

The recoverable amount of the investment was determined at the higher of its fair value less costs of disposal or value in use. The Group determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment. Depending on the investment itself, judgements are made on inputs such as underlying multipliers. Changes to the assumptions used by management may significantly affect the results of the impairment. Refer to Note 16 for details of these assumptions and the potential impact of changes to the assumptions.

Notes to the Financial Statements

for the financial year ended 31 December 2023

55 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(d) *Fair value of financial instruments*

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 57.4.

(e) *Provision of taxation*

The Group is subject to taxation in numerous jurisdictions and is routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of the Group's positions, propose adjustments or changes to its tax filings and have differing interpretations of tax law for which the final outcome is not determined until a later date. As a result, the Group maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the Group's best estimates of the amount expected to be paid based on a qualitative assessment of all relevant factors.

The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from the Group's provisions. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. However, based on currently enacted legislation, information currently known by the Group and after consultation with external tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Group's financial condition taken as a whole.

Notes to the Financial Statements

for the financial year ended 31 December 2023

56 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

		The Group	
	Note	2023 RM'000	2022 RM'000
Non-current assets held for sale:			
Property, plant and equipment	(a)	**5,584**	7,471
Investment in associates (Note 15d)		**–**	757,115
Disposal group held for sale	(b)	**–**	269
Total non–current assets held for sale		**5,584**	764,855
Non-current liabilities held for sale:			
Disposal group held for sale	(b)	**–**	39
Total non–current liabilities held for sale		**–**	39

(a) Property, plant and equipment of the Group where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2024.

Fair value of property plant and equipment held for sale

In accordance with MFRS 5, the non-current assets held for sale were stated at the lower of carrying amount and fair value less cost to sell. As at 31 December 2023, the property, plant and equipment held for sale that were stated at fair value less cost to sell was RM5,584,000 (2022: RM7,471,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sale prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within Level 2 of the fair value hierarchy.

(b) Disposal group held for sale

In prior year

The assets and liabilities of the disposal group as at 31 December 2022 are as follows:

	The Group RM'000
Assets classified as held for sale	
Cash and short term funds	**145**
Other assets	**124**
	269
Liabilities classified as held for sale	
Other liabilities	**39**
	39

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT

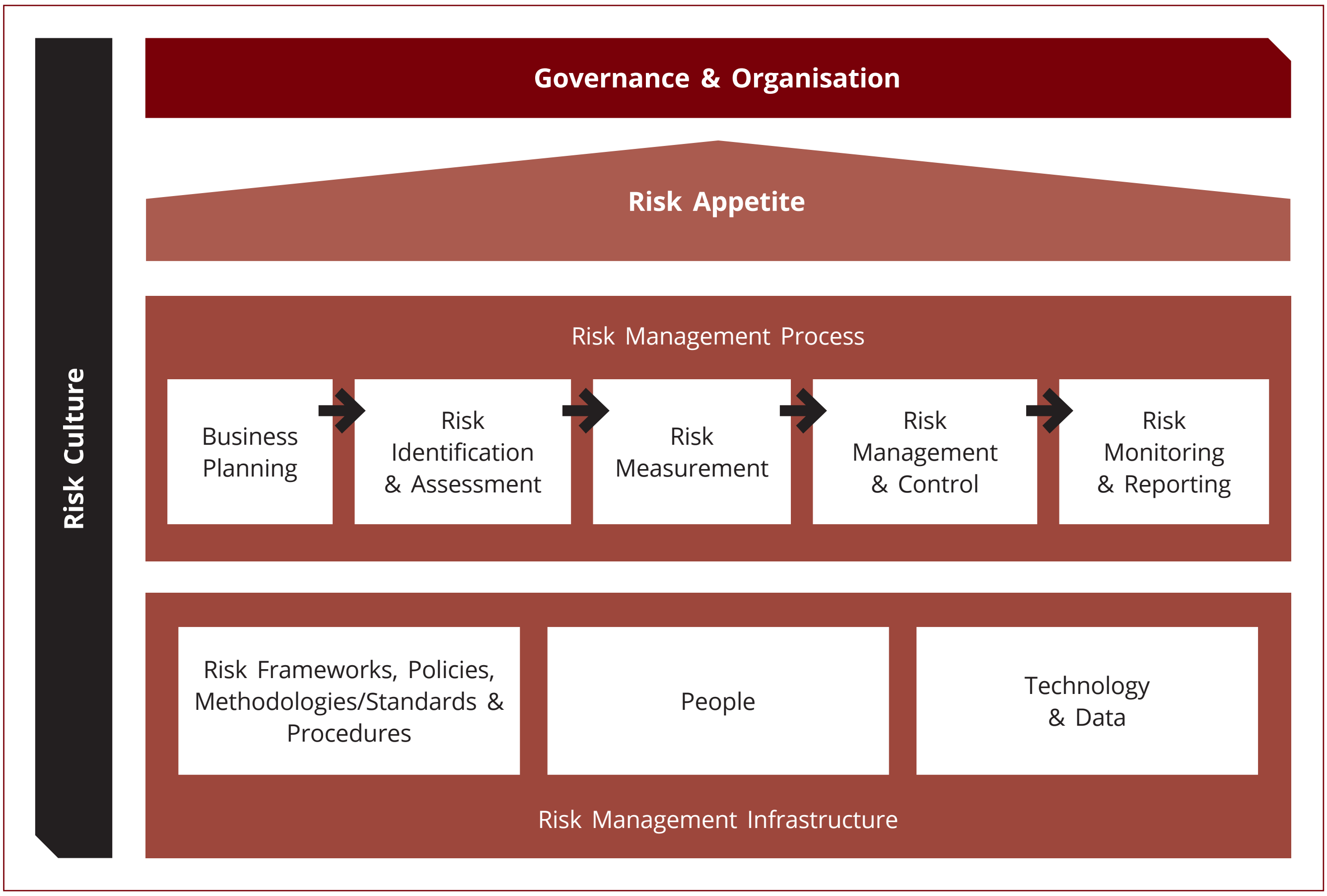
(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group embraces risk management as an integral part of the Group's strategy, business, operations and decision-making processes. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the strategy discussion and risk-taking process by providing independent inputs, including relevant valuations and scenario analysis, credit evaluations, new product assessments and quantification of capital requirements and risk return analysis/simulations. These inputs enable the business units to assess the risk-vs-reward of their propositions.

(B) ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK ("EWRM")

The Group employs a Group Enterprise-Wide Risk Management ("EWRM") framework as a standardised approach to effectively manage its risks and opportunities. The Group EWRM framework provides the Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

The key components of the Group's EWRM framework are represented in the diagram below:



The design of the Group EWRM framework incorporates a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach.

The key features of the Group EWRM framework include:

(I) RISK CULTURE

The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines-of-Defence approach, whereby risks are managed initially from the onset of risk-taking activities. There is clear accountability of risk ownership across the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK ("EWRM") (CONTINUED)

The key features of the Group EWRM framework include (Continued):

(II) GOVERNANCE & ORGANISATION

A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies, methodologies/standards, and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively implemented.

(III) RISK APPETITE

It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

(IV) RISK MANAGEMENT PROCESS

- Business Planning: Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture, new product and business activities.
- Risk Identification & Assessment: Risks are systematically identified and assessed through the robust application of the Group's risk framework, policies, methodologies/standards and procedures.
- Risk Measurement: Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
- Risk Management and Control: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- Risk Monitoring and Reporting: Risks on an individual as well as on a portfolio basis, are regularly monitored and reported to ensure they remain within the Group's risk appetite.

(V) RISK MANAGEMENT INFRASTRUCTURE

- Risk Frameworks, Policies, Methodologies/Standards and Procedures addressing all areas of material risks: Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.
- People: Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.
- Technology and Data: Appropriate technology and sound data management support risk management activities.

(C) RISK GOVERNANCE

At the apex of the governance structure are the respective Boards of entities within the Group, which decides on the entity's risk appetite corresponding to its business strategies. Each BRCC reports directly to the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the GRCC.

To facilitate the effective implementation of the Group EWRM framework, the BRCC has established various specialised/sub-risk committees within the Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) RISK GOVERNANCE (CONTINUED)

The responsibility of risk management supervision and control is delegated to the GRCC, which reports directly to the BRCC. The GRCC, comprising senior management of the Group, performs the oversight function for the overall management of risks. The GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee, Group Market and Conduct Risks Committee, Group Operational and Resiliency Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, each addressing one or more of the following:

(i) Credit risk, defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;

(ii) Market risk, defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;

(iii) Liquidity and funding risk, defined as the current and potential risk to earnings, shareholders' funds or reputation arising from the inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;

(iv) Interest rate/rate of return risk in the banking book, which is the current and potential risk to the Group's earning and economic value arising from movement in interest/profit rates;

(v) Operational risk, defined as the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. It includes legal risk but excludes strategic and Shariah non-compliance risks;

(vi) Capital risk, defined as the risk of a bank not having sufficient capital to withstand potential losses suffered in its operations. Capital is important as it can be used to repay depositors, customers, creditors, and other claimants in case there is insufficient liquidity during a crisis;

(vii) Technology risk, is the risk of loss resulting from inadequate or weaknesses in strategy, people, process, technology or external events, which includes financial risk, regulatory/compliance risk and the risk of reputational loss/damage;

(viii) Fraud risk, defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc. to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another;

(ix) Outsourcing risk, defined as the risk emanating from outsourcing arrangements that could result in a disruption to business operations, financial loss or reputational damage to the Group;

(x) SNC risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage which CIMB Group may suffer arising from failure to comply with Shariah requirements determined by SAC of BNM and SC, including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA; or decisions or advice by BSC of CIMB Islamic Bank; or other Shariah regulatory authorities of the jurisdictions where the Group operates;

(xi) Sustainability risk, defined as the risk of financial and non-financial impact arising from environmental, social and ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group's own internal operations and employees; and

(xii) Regulatory compliance risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from possible failure to comply with the applicable laws and regulations of the jurisdictions in which the Group operates.

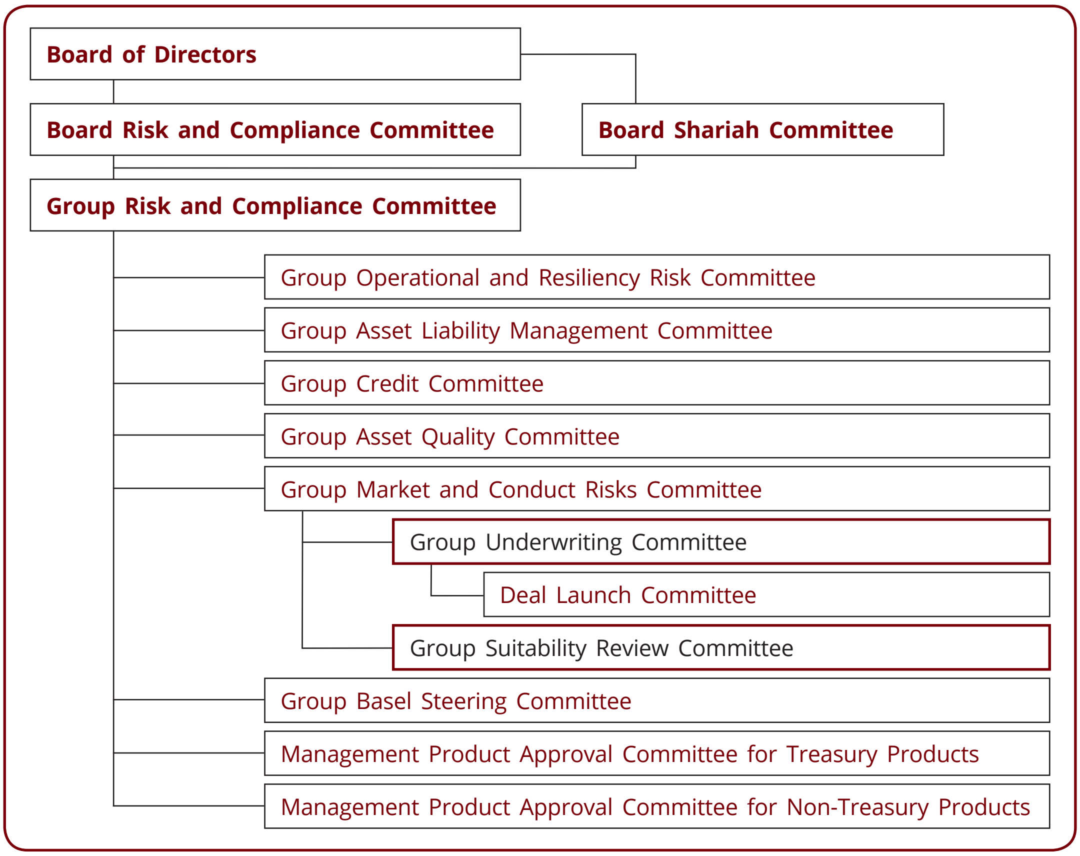
Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) RISK GOVERNANCE (CONTINUED)

The structure of CIMB Group Risk Committees is depicted in the following chart:



Our overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, Group and regional committees have consultative and advisory responsibilities on regional matters across the Group as regulators allow. This structure increases regional communication and sharing of technical knowledge and best practices. It further enhances support towards managing and responding to risk management issues, thus providing the Board with a comprehensive view of the activities within the Group.

In addition to the CIMB Group Risk Committees, the Group has established a Group Sustainability and Governance Committee ("GSGC") consisting of Independent Directors to assist the Board in fulfilling its responsibilities in advocating and fostering a culture/ DNA of sustainability, ethical conduct, and integrity across the Group.

Sustainability is also embedded in the roles and responsibilities of various Board Committees. To ensure information-symmetry and consensus across all Board Committees and entity boards, with regards to the direction and progress of the Group's sustainability and climate change strategy deliberated at the GSGC, selected GSGC members and business units such as Group Sustainability are responsible for providing relevant updates and inputs to the various Board Committees and entity boards on a periodic basis.

Notes to the Financial Statements
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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) RISK GOVERNANCE (CONTINUED)

Three Lines-of-Defence

The Group's risk management culture is embodied through the adoption of the Three Lines-of-Defence philosophy, whereby risks are managed initially from the onset of risk-taking activities. This is to ensure clear accountability of risks across the Group and Group Risk as an enabler of business units. As a first line-of-defence, the line management (including key Business Pillars and Enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line-of-defence provides oversight and performs independent monitoring of business activities with reporting to the Board and management to ensure that the Group conducts business and operates within the approved appetite, and is in compliance with regulations. The third line-of-defence is Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

The Roles of Group Chief Risk Officer ("CRO") and Group Risk Division ("GRD")

Within the second line-of-defence is Group Risk, a function independent of business units. It assists the Group's management and stakeholders in the monitoring and controlling of risk exposures within the Board-approved risk appetite statement.

Group Risk is headed by the Group CRO, appointed by the Board to lead the Group-wide risk management functions, including implementation of the Group EWRM framework. The Group CRO:

(i) actively engages the respective boards and senior management on risk management issues and initiatives; and

(ii) maintains an oversight on risk management functions across all entities within the Group. In each key country of operations, there is a local CRO or a local Head of Risk Management, whose main functions are to assess and manage the enterprise risk and liaise with regulators in the respective countries.

The organisational structure of Group Risk is made of two major components, namely the CRO and the Risk Centres of Excellence ("CoE"):

(I) CRO

- The CRO is supported by the CROs who oversee the risk management functions in overseas branches and banking subsidiaries.
- CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/ entity under his/her purview.
- For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

(II) RISK CENTRES OF EXCELLENCE

- These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CROs in the various geographies.
- The Risk consist of Asset Liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing and Fraud Risk Management), and Enterprise Risk and Infrastructure CoEs.

(1) Asset Liability Management CoE

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement, monitoring and reporting of liquidity and funding risk and interest rate/rate of return risk in the banking book. It conducts regular stress testing on the Group's liquidity and interest rate risk/rate of return profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

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for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) RISK GOVERNANCE (CONTINUED)

The Roles of Group Chief Risk Officer ("CRO") and Group Risk Division ("GRD") (Continued)

The organisational structure of Group Risk is made of two major components, namely the CRO and the Risk Centres of Excellence ("CoE") (Continued):

(II) RISK CENTRES OF EXCELLENCE (CONTINUED)

(2) Credit Risk CoE

The Credit Risk CoE consists of Retail and Non-Retail credit risk and is dedicated to the assessment, measurement, management, monitoring and reporting of credit risk in the Group. The scope under the CoE function include areas ranging from development of credit risk policies, procedures and standards to advance portfolio analytics, and implementation of credit risk modelling (including rollout of Alternative Credit Underwriting models leveraging on machine learning techniques for Retail portfolios).

(3) Market Risk CoE

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised through the review of treasury positions versus limits framework, performing mark-to-market valuation, validation of financial models, calculating Value-at-Risk and market risk capital, as well as performing stress testing.

(4) Non-Financial Risk Management CoE

The Non-Financial Risk Management ("NFRM") CoE ensures the first line-of-defence manages their operational risk effectively by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks.

The team also provides independent feedback and assessment to the first line-of-defence's execution of the operational risk framework and acts as a consultant within the Group in providing operational risk expertise and reporting to senior management.

Shariah Risk Management ("SRM") unit within the NFRM CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and guidelines; as well as develops and implements processes for SNC risk awareness.

NFRM CoE also extends its specialist risk oversight to cover Business Continuity Management, Fraud, Technology and Outsourcing risks.

(5) Enterprise Risk And Infrastructure CoE

The Enterprise Risk and Infrastructure CoE ensures the Group's compliance to Basel and SCEL regulatory requirements, including Basel model and underwriting model development, implementation and validation of risk models, and management of risk data for credit risk measurement and risk reporting across the Group. In addition, the climate risk unit within the CoE is responsible for working with Group Sustainability, various risk CoEs and business units to implement climate risk management at an enterprise level, in support of the Group's 2050 net-zero ambition, which is to transition all operational and attributable greenhouse gas emissions from the Group's financing and investment portfolios in alignment with net-zero pathways by 2050.

Sustainability risk (including climate risk) is a transverse risk that manifests itself through existing risk types. Due to the cross-cutting nature of Sustainability risk, the implementation of Group-wide sustainability governance framework is currently spearheaded and managed by Group Sustainability as the Sustainability CoE, which sits outside of Group Risk. Notwithstanding this, Sustainability risk has been and will continue to be integrated into the Group's existing risk management frameworks.

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for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) RISK GOVERNANCE (CONTINUED)

STRATEGIES AND PROCESSES FOR VARIOUS RISK MANAGEMENT

Information on strategies and processes for Credit Risk, Market Risk, Operational Risk, Interest Rate Risk/Rate of Return Risk in the Banking Book and Sustainability Risk are available in the later sections.

57.1 CREDIT RISK

Credit risk is defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance, as well as commitments to support clients' obligations to third parties, e.g. guarantees or kafalah contracts. In derivatives, sales and trading activities, credit risk arises from the possibility that the Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

CREDIT RISK MANAGEMENT

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the Three Lines-of-Defence model on risk management where risks are managed initially from the onset of risk-taking activities, the Group implemented the risk-based delegated authority framework. This promotes clarity of risk accountability whereby the business unit, being the first line-of-defence, manages risk in a proactive manner with Group Risk being independent from the business units, functions as the second line-of-defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to specific individuals.

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial and private banking loans/financing, credit applications are independently evaluated by the Credit Risk (Non-Retail) CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units' officers are delegated with credit approving authority to approve low value credit facilities. In addition, for loan/financing to sectors and clients that are exposed to high environmental and social risks, the Sustainability CoE conducts due diligence from an environmental and social point of view. For retail loans/financing Consumer Credit Operations evaluates and approves the credit applications according to the designated delegated authority; higher loan/financing limits will be approved by joint delegated authorities or relevant committees.

The GRCC, with the support of Group Credit Committee, Group Asset Quality Committee, other relevant credit committees as well as Group Risk, is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This, amongst others, includes reviewing and analysing portfolio trends, asset quality, watch-list reporting and policy reviews. It is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with country sector limit, single customer and country and global counterparty limits, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual. In view of the tightening regulations around climate change and to support the Group's Net Zero commitment by 2050, a climate overlay focusing on sector sensitivity to transition risks (which references the Transition Risk Heatmap developed under United Nations Environment Program Finance Initiative) was integrated by Group Sustainability into Group Risk's Country Sector Limit Methodology for 2023. In order to ensure sustainability considerations are accounted for in the early stages of business planning, an overall sustainability rating was also developed and applied alongside other risk factors as part of the Risk Posture setting for 2023 to set the high level risk direction for the Group and its entities before the formal budget process starts.

Notes to the Financial Statements
for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

CREDIT RISK MANAGEMENT (CONTINUED)

Adherence to the above established credit limits is monitored daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. For retail products, portfolio limits are monitored monthly by Group Risk.

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors is made available.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to the GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions, including recovery actions, if required.

The Group recognises that our financing activities may have an impact on the environment and society and such impact may in turn result in potential financial and reputational risks to the Group. Our sustainable financing approach integrates environmental, social and economic/ethical considerations, including climate-related physical and transition risks, into our credit risk assessment process for our financing practices and capital raising transactions, whereby clients and transactions identified to have high sustainability risk or potential concern are subject to a structured due diligence and escalation process. Refer to the section on Sustainability Risk for further details.

The Group quantifies credit concentration risk by leveraging on the credit VaR engine, CreditMetrics. Using the CreditMetrics approach, the portfolio's Value at Risk is estimated after taking into account effects of portfolio diversification across obligors and sectors. Hence, the risk computed covers both default/credit migration risk as well as credit concentration risk (single name and sector concentration).

CREDIT RISK MITIGATION

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support, form an integral part of the credit risk management process. Credit risk mitigants are taken, where possible, and are considered secondary recourse to the obligor for the credit risk underwritten.

(i) Collaterals/Securities

All extension of secured credit facilities deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy/standard. GCC or the relevant credit approving authority is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, quoted shares, unit trusts and debt securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

CREDIT RISK MITIGATION (CONTINUED)

(ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a procedure for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

(iii) Netting

In mitigating the counterparty credit risks in foreign exchange and derivative transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

(iv) Portfolio diversification for better clarity

The Group avoids unwanted credit or market risk concentrations by diversifying our portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

CREDIT RISK MEASUREMENT

The measurement of expected credit loss allowance under the MFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement of the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk ("SICR")

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

CREDIT RISK MEASUREMENT (CONTINUED)

(i) Significant increase in credit risk ("SICR") (Continued)

Retail

A retail loan, advances and financing is perceived to have experienced significant increase in credit risk when the asset meets one of the following criteria:

- Past due for more than 1 month on its contractual payment;
- Habitual delinquent;
- Modified under Agensi Kaunseling dan Pengurusan Kredit ("AKPK") scheme and subject to monitoring period.

Non-retail

The stage allocation will be performed at borrower level. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Borrower on watchlist and exhibits weaknesses which, if uncorrected, will potentially become a non-performing account in the next 12 months;
- Past due for more than 1 month on its contractual payment;
- Habitual delinquent.

Treasury

A debt instrument is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Borrower on watchlist and exhibits weaknesses which will potentially become a non-performing account in the next 12 months;
- Margin call or force selling trigger not regularalised within the stipulated period (applicable to option premium financing only).

The Group has not used the low credit risk exemption for any financial instruments for the year ended 31 December 2023 and 31 December 2022. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the management.

(ii) Definition of credit impaired

Loans, advances and financing

The Group classifies a loan, advances and financing as impaired when it meets one or more of the following criteria:

(a) Where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months;

(b) In the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;

(c) Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Group's internal credit risk rating framework; or

(d) As soon as a default occurs where the principal and /or interest/profit repayments/payments are scheduled on intervals of 3 months or longer.

For the purpose of ascertaining the period in arrears:

- Repayment/payment on each of the instalment amount must be made in full. A partial repayment/payment made on an instalment amount shall be deemed to be still in arrears; and
- Where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise due to specific and exceptional circumstances as set in the Group's internal policy, the determination of period in arrears shall exclude the moratorium period granted.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

CREDIT RISK MEASUREMENT (CONTINUED)

(ii) Definition of credit impaired (Continued)

Loans, advances and financing (Continued)

(e) Force Impaired Credit Facilities

The credit facility is force impaired due to various reasons which may include the following: PN17 classification by Bursa, bankruptcy/winding up orders, appointment of Independent Financial Advisor/Liquidator/Receivers & Managers, ceased operations and/or suspended with no likelihood of resuming in the next 12 months, business viability is affected with repayment/payment capability in doubt resulting in going concern issue in the near term, etc. In the event where a credit facility is not in default or past due but force impaired, the credit facility shall be classified as impaired upon approval by GAQC.

(f) Cross Default

When an obligor/counterparty has multiple credit facilities with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt/financing obligation triggers default on another debt/financing obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual credit facility level instead of consolidated obligor/counterparty level.

Bonds and other debt instruments measured at amortised cost or FVOCI

The financial instruments are classified as impaired when it meets one or more of the following criteria:

- Bond that have an internal rating of 14 and above shall be classified as impaired upon approval by relevant approval authority. Impaired credits must be graded/classified with the appropriate regulatory financing grading(s).
- Bonds which are force impaired and approved by GAQC will be subject to individual impairment assessment.
- When an obligor/counterparty has multiple loans/bonds with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, an assessment of provision needs to be performed on individual loan/bond level instead of consolidated obligor/counterparty level.

(iii) Definition of default

Loans, advances and financing

The Group defines a financial instrument as in default when it meets one or more of the following criteria:

- Credit-impaired;
- Restructured accounts by AKPK scheme;
- Write-off/charged-off accounts;
- Repossessed accounts (applicable for hire purchase receivables only);
- Force disposed accounts (applicable for non-voluntary ASB loans, advances and financing only).

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations for loans, advances and financing.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

CREDIT RISK MEASUREMENT (CONTINUED)

(iii) Definition of default (Continued)

Bonds and other debt instruments measured at amortised cost or FVOCI

The default criteria is fully aligned with external rating agency's default definition as the Group has chosen to benchmark external data for modelling purposes:

- Failure to make principal and/or interest/profit payment under the contractual terms, which is not remedied within the grace period.
- Bankruptcy filings, administration, receivership, liquidation, winding-up or cessation of business of issuer/obligor.
- Failure to honor corporate-guarantee obligations provided to subsidiaries.
- Distressed exchange offer (e.g. extended maturities, lower coupons and etc.).
- Change in payment terms of a credit arrangement or indenture imposed by the sovereign that results in a diminished financial obligation.

(iv) Measuring ECL – inputs, assumptions and estimation techniques

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its loans, advances and financing. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The 12-month or lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest/profit rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrower.

Probability of Default

The PD represents the likelihood of a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The PD is derived based on the modelling approach of which statistical analysis and expert judgement was performed to identify the risk parameters which correlate with the historical observed default. The model relies on the risk parameters and its correlation with the historical observed default to predict the 12-month PD. The Lifetime PD is developed using forecasted MEV with the applicaton of survival probabilities up to maturity of the loan facility.

Exposure at Default

EAD is the total amount that the Group is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

CREDIT RISK MEASUREMENT (CONTINUED)

(iv) Measuring ECL – inputs, assumptions and estimation techniques (Continued)

Loss Given Default

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(v) Forward-looking information incorporated into the ECL models

The estimation of ECL incorporates forward-looking information. The Group has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables are sourced from Group's Economics team and external research house.

The Group applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

Base case: This represents 'most likely outcome' of future economic conditions which is aligned with information used by the Group for other purposes such as budgeting and stress testing.

Best and Worst case: This represent the 'upside' and 'downside' outcome of future economic conditions.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to some degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

The Group and the Company have also identified the key economic variables and carried out sensitivity assessment of ECL for loans, advances and financing (including undrawn loans, advances and financing) and treasury bonds in relation to the changes in these key economic variables whilst keeping other variables unchanged.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

CREDIT RISK MEASUREMENT (CONTINUED)

(v) Forward-looking information incorporated into the ECL models (Continued)

The key economic variables used for the ECL sensitivity assessment:

Key variables:	Changes (+/- bps) 2023	2022
GDP growth	**50**	50
Equity market and share price index	**50 – 75**	5 – 100
Housing Price Index (HPI)	**25 – 50**	25 – 100
Overnight policy rate (OPR)	**50**	50
Exchange Rate	**50**	10 – 50
Interbank rate	**25**	20
Crude oil price	**700**	600
Consumer Price Index, CPI	**50 – 350**	50 – 350
Export	**200**	50
Minimum Loan Rate	**–**	50
Imports	**–**	50
Leading indicator	**50**	50
Customer Confidence Index	**–**	125
Retail Sale	**15**	175
Bank Indonesia Rate	**5**	15
Private Consumption	**100**	–
Labour Rate	**50**	–

	The Group (Writeback)/made			
	2023		**2022**	
	RM'000 +	**RM'000 –**	**RM'000 +**	**RM'000 –**
Impact from expected credit losses	**84,936**	**(77,175)**	59,593	(51,762)

The impact captures the non-linearity and offsetting effect arising from the correlation of variables with the ECL and does not reflect any overlay or adjustment which could potentially be put in place as a result of the change in macroeconomics.

(vi) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk and Modeling team.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

WRITE-OFF POLICY

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

The Group may write-off loan or debt instrument that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2023 was RM3,015 million (2022: RM4,528 million).

MODIFICATION OF LOANS

Where the original contractual terms of a financial asset have been modified and the instrument has not been derecognised, the resulting modification loss is recognised in the income statements with a corresponding decrease in the gross carrying value of the asset.

If the modification involved a concession that the Group and the Company would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne. ECL for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk.

These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification. The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Group and the Company monitor the subsequent performance of modified assets. The Group and the Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK ("CCR")

Off-Balance exposures are exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

(i) Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC or the relevant credit approving authority.

(ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 31 December 2023 and 31 December 2022 there was no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.1 MAXIMUM EXPOSURE TO CREDIT RISK (WITHOUT TAKING INTO ACCOUNT ANY COLLATERAL HELD OR OTHER CREDIT ENHANCEMENTS)

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Company would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

All financial assets of the Group are subject to credit risk except for cash in hands, securities instruments in financial investments at fair value through profit or loss, unit trust in debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, statutory deposits with central banks as well as non-financial assets.

	The Group Maximum exposure	
	2023 RM'000	**2022 RM'000**
Financial guarantees	**8,234,174**	9,235,260
Credit related commitments and contingencies	**141,203,906**	128,590,081
	149,438,080	137,825,341

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group is 66% (2022: 66%) while the financial effect of collateral for derivatives for the Group is 81% (2022: 86%). The financial effect of collateral held for the remaining financial assets are insignificant.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing that are credit impaired as at 31 December 2023 for the Group is 84% (2022: 86%).

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for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.2 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) **Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group					
				Related amounts not set off in the statement of financial position		
	Gross amounts of recognised financial assets in the statement of financial position RM'000	Gross amounts of recognised financial liabilities in the statement of financial position RM'000	Net amounts of financial assets RM'000	Financial instruments RM'000	Financial collateral received RM'000	Net amount RM'000
Financial assets						
2023						
Derivatives	**15,644,895**	**-**	**15,644,895**	**(10,367,648)**	**(1,959,386)**	**3,317,861**
Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah	**9,707,692**	**-**	**9,707,692**	**(2,422,424)**	**(7,107,836)**	**177,432**
Loans, advances and financing – Share margin financing	**19,687**	**-**	**19,687**	**-**	**(18,695)**	**992**
Amount due from brokers	**68,287**	**(23,242)**	**45,045**	**-**	**-**	**45,045**
Total	**25,440,561**	**(23,242)**	**25,417,319**	**(12,790,072)**	**(9,085,917)**	**3,541,330**
2022						
Derivatives	18,072,158	–	18,072,158	(10,844,054)	(3,918,255)	3,309,849
Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah	9,751,262	–	9,751,262	(1,473,583)	(8,037,433)	240,246
Loans, advances and financing – Share margin financing	50,346	–	50,346	–	(49,164)	1,182
Amount due from brokers	19,655	(9,278)	10,377	–	–	10,377
Total	27,893,421	(9,278)	27,884,143	(12,317,637)	(12,004,852)	3,561,654

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.2 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements – by type

	The Group					
				Related amounts not set off in the statement of financial position		
	Gross amounts of recognised financial liabilities in the statement of financial position RM'000	Gross amounts of recognised financial assets in the statement of financial position RM'000	Net amounts of financial liabilities RM'000	Financial instruments RM'000	Financial collaterals pledged RM'000	Net amount RM'000
Financial liabilities						
2023						
Derivatives	**16,077,219**	**-**	**16,077,219**	**(10,359,725)**	**(1,375,063)**	**4,342,431**
Repurchase agreements/Collateralised Commodity Murabahah	**49,386,566**	**-**	**49,386,566**	**(44,356,672)**	**-**	**5,029,894**
Total	**65,463,785**	**-**	**65,463,785**	**(54,716,397)**	**(1,375,063)**	**9,372,325**
2022						
Derivatives	17,460,533	–	17,460,533	(10,834,897)	(1,997,292)	4,628,344
Repurchase agreements/Collateralised Commodity Murabahah	35,923,201	–	35,923,201	(35,922,333)	3,370	4,238
Total	53,383,734	–	53,383,734	(46,757,230)	(1,993,922)	4,632,582

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.3 CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2023 and 31 December 2022 are as follows:

The Group 2023	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	16,153,972	1,489,579	172,335	2,859,598	1,930,530	1,091,989	1,024,510	931,898	4,051,307	29,705,718
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	3,481,223	1,599,399	439,979	2,320,942	21,718	79,744	19,284	13,701	1,731,702	9,707,692
Deposits and placements with banks and other financial institutions	2,248,311	-	-	447,996	-	-	237,737	136,726	136,848	3,207,618
Financial investments at fair value through profit or loss	18,782,968	6,015,710	8,453,409	8,614,635	161,670	181,619	61,148	92,714	3,146,590	45,510,463
Debt instruments at fair value through other comprehensive income	37,793,962	13,670,547	10,382,670	3,224,020	154,757	1,001,081	1,743,628	390,144	3,056,489	71,417,298
Debt instruments at amortised cost	55,184,954	6,036,990	5,131,312	11,367,701	-	68,992	124,900	156,959	426,387	78,498,195
Derivative financial instruments	2,566,277	201,125	6,404,140	700,349	29,361	4,071,890	405,689	29,356	1,236,708	15,644,895
Loans, advances and financing	262,195,662	62,954,654	34,657,264	43,573,525	670,456	6,927,497	1,529,879	4,423,780	12,517,320	429,450,037
Other assets	5,436,228	1,198,382	1,476,212	1,523,619	327,389	981,004	257,427	3,837	1,374,879	12,578,977
Financial guarantees	3,221,424	526,674	49,552	2,800,740	40,948	-	60,769	261	1,533,806	8,234,174
Credit related commitments and contingencies	107,584,770	7,370,073	4,607,566	13,153,357	18,782	1,697,434	1,379,598	2,966,458	2,425,868	141,203,906
Total credit exposures	514,649,751	101,063,133	71,774,439	90,586,482	3,355,611	16,101,250	6,844,569	9,145,834	31,637,904	845,158,973

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.3 CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE (CONTINUED)

(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2023 and 31 December 2022 are as follows (Continued):

The Group 2022	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	23,254,557	4,248,619	171,936	1,821,512	2,510,395	1,531,902	930,446	969,389	3,411,466	38,850,222
Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah	2,795,250	145,672	733,250	3,914,998	12,641	775,611	22,619	16,953	1,334,268	9,751,262
Deposits and placements with banks and other financial institutions	1,646,396	-	-	254,791	-	-	176,219	442,511	576,565	3,096,482
Financial investments at fair value through profit or loss	12,852,494	2,414,112	2,889,093	10,476,468	68,298	190,783	5,502	158,284	1,515,097	30,570,131
Debt instruments at fair value through other comprehensive income	32,969,044	10,384,319	8,573,979	3,012,010	-	716,113	947,726	596,956	1,175,514	58,375,661
Debt instruments at amortised cost	46,010,025	6,310,213	4,620,627	7,457,873	-	-	-	27,211	107,475	64,533,424
Derivative financial instruments	2,166,095	293,255	8,014,781	805,627	23,733	4,846,522	280,046	12,944	1,629,155	18,072,158
Loans, advances and financing	248,033,120	55,469,074	31,976,981	36,260,889	692,214	4,659,554	1,431,146	3,324,240	12,709,962	394,557,180
Other assets	5,156,052	1,057,931	2,674,722	830,865	289,762	794,353	38,809	3,681	910,173	11,756,348
Financial guarantees	2,964,356	418,704	31,772	3,961,082	482,955	13,683	101,349	11,380	1,249,979	9,235,260
Credit related commitments and contingencies	99,472,381	6,427,038	4,351,723	11,324,370	10,473	1,734,073	917,915	2,897,955	1,454,153	128,590,081
Total credit exposures	477,319,770	87,168,937	64,038,864	80,120,485	4,090,471	15,262,594	4,851,777	8,461,504	26,073,807	767,388,209

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)
57.1 CREDIT RISK (CONTINUED)
57.1.3 CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE (CONTINUED)
(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2023 and 31 December 2022 are as follows (Continued):

The Company 2023	Malaysia RM'000	Indonesia RM'000	Total RM'000
Cash and short-term funds	363,691	–	363,691
Debt instruments at fair value through other comprehensive income	1,144,797	–	1,144,797
Debt instruments at amortised cost	8,412,266	–	8,412,266
Other assets	969	–	969
	9,921,723	–	9,921,723

The Company 2022	Malaysia RM'000	Indonesia RM'000	Total RM'000
Cash and short-term funds	474,258	1	474,259
Debt instruments at fair value through other comprehensive income	1,737,110	–	1,737,110
Debt instruments at amortised cost	7,813,401	–	7,813,401
Other assets	872	–	872
Amount due from subsidiaries	209	–	209
	10,025,850	1	10,025,851

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for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.3 CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE (CONTINUED)

(b) Industry sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for the following financial assets as at 31 December 2023 and 31 December 2022 based on the industry sectors of the counterparty are as follows:

The Group 2023	Cash and short-term funds RM'000	Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other assets RM'000	Total RM'000
Primary agriculture	-	-	-	47,432	346,120	70,138	3,234	12,128,161	127	12,595,212
Mining and quarrying	-	-	-	100,891	589,095	1,003,281	35,546	4,094,877	-	5,823,690
Manufacturing	-	-	-	279,042	1,001,076	95,818	134,485	29,229,171	97	30,739,689
Electricity, gas and water	-	-	-	895,769	4,881,304	2,976,129	73,349	8,826,697	7,395	17,660,643
Construction	-	-	-	656,152	1,091,221	1,264,378	6,363	14,115,356	7,695	17,141,165
Transport, storage and communications	-	-	-	2,842,455	3,804,273	3,667,056	157,988	13,586,962	46,237	24,104,971
Education and health	-	-	-	-	16,277	-	508	19,212,907	431	19,230,123
Wholesale and retail trade, and restaurant	-	-	-	52,599	222,480	-	6,237	35,529,604	263	35,811,183
Finance, insurance, real estate business:										
Finance, insurance/takaful, real estate and business activities	29,705,718	7,213,096	3,207,618	17,284,438	23,196,178	26,668,839	15,061,531	57,404,866	11,008,445	190,750,729
Others:										
Household	-	-	-	-	-	-	61	211,773,542	2,120	211,775,723
Others	-	2,494,596	-	23,351,685	36,269,274	42,752,556	165,593	23,547,894	1,506,167	130,087,765
	29,705,718	9,707,692	3,207,618	45,510,463	71,417,298	78,498,195	15,644,895	429,450,037	12,578,977	695,720,893

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)
57.1 CREDIT RISK (CONTINUED)
57.1.3 CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE (CONTINUED)
(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for the following financial assets as at 31 December 2023 and 31 December 2022 based on the industry sectors of the counterparty are as follows (Continued):

The Group 2022	Cash and short-term funds RM'000	Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other assets RM'000	Total RM'000
Primary agriculture	-	-	-	-	254,678	83,743	2,942	11,346,743	148	11,688,254
Mining and quarrying	-	-	-	17,451	452,148	786,781	76,927	3,898,396	-	5,231,703
Manufacturing	-	-	-	200,477	943,784	62,505	148,799	28,115,338	989	29,471,892
Electricity, gas and water	-	-	-	479,257	4,435,577	1,181,937	35,350	5,734,758	8,063	11,874,942
Construction	-	-	-	589,683	691,280	833,151	5,446	12,719,020	2,661	14,841,241
Transport, storage and communications	-	-	-	182,799	2,873,842	2,518,912	209,386	13,523,421	294,282	19,602,642
Education and health	-	-	-	-	6,623	-	527	19,081,461	386	19,088,997
Wholesale and retail trade, and restaurant	-	-	-	38,643	125,416	-	1,239	31,053,469	67	31,218,834
Finance, insurance, real estate business:										
Finance, insurance/takaful, real estate and business activities	38,699,971	8,857,052	3,096,482	13,189,397	19,741,632	17,685,632	17,437,490	50,042,293	9,944,228	178,694,177
Others:										
Household	-	-	-	-	-	-	367	197,604,093	61	197,604,521
Others	150,251	894,210	-	15,872,424	28,850,681	41,380,763	153,685	21,438,188	1,505,463	110,245,665
	38,850,222	9,751,262	3,096,482	30,570,131	58,375,661	64,533,424	18,072,158	394,557,180	11,756,348	629,562,868

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.3 CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE (CONTINUED)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for the following financial assets as at 31 December 2023 and 31 December 2022 based on the industry sectors of the counterparty are as follows (Continued):

The Company 2023	Cash and short-term funds RM'000	Other financial assets* RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Total RM'000
Finance, insurance/takaful, real estate and business activities	**363,691**	**969**	**1,144,797**	**8,412,266**	**9,921,723**
	363,691	**969**	**1,144,797**	**8,412,266**	**9,921,723**

The Company 2022	Cash and short-term funds RM'000	Other financial assets* RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Total RM'000
Finance, insurance/takaful, real estate and business activities	474,259	1,081	1,737,110	7,813,401	10,025,851
	474,259	1,081	1,737,110	7,813,401	10,025,851

* *Other financial assets include amount due from subsidiaries and other financial assets*

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.3 CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE (CONTINUED)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations for financial guarantees and credit related commitments and contingencies as at 31 December 2023 and 31 December 2022 based on the industry sectors of the counterparty are as follows:

	The Group			
	Financial guarantees 2023 RM'000	Credit related commitments and contingencies 2023 RM'000	Financial guarantees 2022 RM'000	Credit related commitments and contingencies 2022 RM'000
Primary agriculture	**52,172**	**3,509,275**	75,644	3,274,710
Mining and quarrying	**68,375**	**5,015,241**	91,183	4,179,490
Manufacturing	**1,131,953**	**12,113,384**	955,628	12,023,124
Electricity, gas and water	**531,868**	**5,814,069**	505,517	6,292,513
Construction	**603,931**	**10,436,495**	716,527	8,253,914
Transport, storage and communications	**160,830**	**4,878,054**	203,580	5,024,426
Education and health	**77,257**	**7,155,579**	74,228	7,375,358
Wholesale and retail trade, and restaurant	**3,875,689**	**13,262,731**	2,843,459	11,920,418
Finance, insurance/takaful, real estate and business activities	**1,483,303**	**22,722,517**	3,533,050	16,972,312
Others:				
Household	**115,268**	**53,249,341**	93,858	51,010,204
Others	**133,528**	**3,047,220**	142,586	2,263,612
	8,234,174	**141,203,906**	9,235,260	128,590,081

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS

(a) Financial assets using General 3-stage approach

Where expected credit loss model is applied, the credit quality of financial instruments subject to credit risk are assessed by reference to the internal rating system adopted by the Group, as summarised below:

Loans, advances and financing and loans commitment and financial guarantees

Rating classification	Internal rating label
Good	1 to 17
Satisfactory	18 to 25
Impaired	26 and above

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for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

(a) Financial assets using General 3-stage approach (Continued)

Other financial instruments

Rating classification	Internal rating label
Investment grade (IG)	1 to 10
Non-investment grade	11 to 25
Impaired	26 and above

Other financial instruments include cash and short-term funds, deposits and placements with banks and other financial institutions, reverse repurchase agreements at amortised cost, debt instruments at FVOCI, debt instruments at amortised cost, amount due from subsidiaries and other assets.

Credit quality description can be summarised as follows:

Good – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Company.

Satisfactory – There is concern over the counterparty's ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

Investment Grade – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

Non-investment Grade – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

No rating – This includes exposures under the Standardised Approach and those where ratings are not available and portfolio average were applied.

Impaired – Refers to the asset that is being impaired.

Sovereign – Refers to exposures relate to government and central bank.

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)
57.1 CREDIT RISK (CONTINUED)
57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)
(a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance ("ECL") is recognised.

The Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term funds and Deposits and placements with Banks and other Financial Institutions					
2023					
Sovereign	**5,600,699**	**–**	**–**	**–**	**5,600,699**
Investment grade	**13,633,814**	**–**	**–**	**–**	**13,633,814**
Non-investment grade	**2,261**	**–**	**–**	**–**	**2,261**
Impaired	**–**	**–**	**2,641**	**–**	**2,641**
No rating	**13,679,372**	**–**	**–**	**–**	**13,679,372**
Gross carrying amount	**32,916,146**	**–**	**2,641**	**–**	**32,918,787**
Total ECL	**(2,810)**	**–**	**(2,641)**	**–**	**(5,451)**
Net carrying amount	**32,913,336**	**–**	**–**	**–**	**32,913,336**
2022					
Sovereign	9,901,310	–	–	–	9,901,310
Investment grade	16,017,200	–	–	–	16,017,200
Non-investment grade	117,213	–	–	–	117,213
Impaired	–	–	2,528	–	2,528
No rating	15,913,342	–	–	–	15,913,342
Gross carrying amount	41,949,065	–	2,528	–	41,951,593
Total ECL	(2,361)	–	(2,528)	–	(4,889)
Net carrying amount	41,946,704	–	–	–	41,946,704
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah, at amortised cost					
2023					
Sovereign	**1,393,890**	**–**	**–**	**–**	**1,393,890**
Investment grade	**2,034,596**	**–**	**–**	**–**	**2,034,596**
Non-investment grade	**66,942**	**–**	**–**	**–**	**66,942**
No rating	**6,064,974**	**–**	**–**	**–**	**6,064,974**
Gross carrying amount	**9,560,402**	**–**	**–**	**–**	**9,560,402**
Total ECL	**–**	**–**	**–**	**–**	**–**
Net carrying amount	**9,560,402**	**–**	**–**	**–**	**9,560,402**
2022					
Sovereign	276,094	–	–	–	276,094
Investment grade	1,947,259	–	–	–	1,947,259
No rating	7,527,909	–	–	–	7,527,909
Gross carrying amount	9,751,262	–	–	–	9,751,262
Total ECL	–	–	–	–	–
Net carrying amount	9,751,262	–	–	–	9,751,262

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

(a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance ("ECL") is recognised. (Continued)

The Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Debt instruments at FVOCI					
2023					
Sovereign	**40,875,849**	**–**	**–**	**–**	**40,875,849**
Investment grade	**19,021,828**	**–**	**–**	**–**	**19,021,828**
Non-investment grade	**9,676,058**	**142,564**	**–**	**–**	**9,818,622**
No rating	**1,700,999**	**–**	**–**	**–**	**1,700,999**
Gross carrying amount*	**71,274,734**	**142,564**	**–**	**–**	**71,417,298**
Total ECL^^	**(62,729)**	**(748)**	**–**	**–**	**(63,477)**
2022					
Sovereign	34,036,154	–	–	–	34,036,154
Investment grade	14,140,323	–	–	–	14,140,323
Non-investment grade	8,593,969	207,245	–	–	8,801,214
No rating	1,397,970	–	–	–	1,397,970
Gross carrying amount*	58,168,416	207,245	–	–	58,375,661
Total ECL^^	(39,988)	(1,229)	–	–	(41,217)

* *This represents the fair value of the securities*

^^ *The ECL is recognised in OCI reserves instead of in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value.*

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)
57.1 CREDIT RISK (CONTINUED)
57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)
(a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance ("ECL") is recognised. (Continued)

The Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Debt instruments at amortised cost					
2023					
Sovereign	**67,441,305**	**–**	**–**	**–**	**67,441,305**
Investment grade	**5,351,540**	**–**	**–**	**–**	**5,351,540**
Non-investment grade	**4,173,500**	**–**	**–**	**–**	**4,173,500**
Impaired	**–**	**–**	**1,472,709**	**–**	**1,472,709**
No rating	**687,958**	**–**	**–**	**–**	**687,958**
Gross carrying amount	**77,654,303**	**–**	**1,472,709**	**–**	**79,127,012**
Total ECL	**(11,693)**	**–**	**(617,124)**	**–**	**(628,817)**
Net carrying amount	**77,642,610**	**–**	**855,585**	**–**	**78,498,195**
2022					
Sovereign	57,364,311	–	–	–	57,364,311
Investment grade	3,042,323	–	–	–	3,042,323
Non-investment grade	1,955,928	492,639	–	–	2,448,567
Impaired	–	–	1,318,868	–	1,318,868
No rating	944,394	–	–	–	944,395
Gross carrying amount	63,306,956	492,639	1,318,868	–	65,118,463
Total ECL	(5,478)	(4,175)	(575,386)	–	(585,039)
Net carrying amount	63,301,478	488,464	743,482	–	64,533,424
Loans, advances and financing at amortised cost (i)					
2023					
Good	**238,920,821**	**6,417,664**	**–**	**–**	**245,338,485**
Satisfactory	**37,052,181**	**12,904,473**	**–**	**–**	**49,956,654**
Impaired	**–**	**–**	**11,764,126**	**6,117**	**11,770,243**
No rating	**125,962,010**	**7,560,644**	**–**	**–**	**133,522,654**
Gross carrying amount	**401,935,012**	**26,882,781**	**11,764,126**	**6,117**	**440,588,036**
Total ECL	**(2,858,814)**	**(1,987,111)**	**(6,564,344)**	**(1,863)**	**(11,412,132)**
Net carrying amount	**399,076,198**	**24,895,670**	**5,199,782**	**4,254**	**429,175,904**
2022					
Good	187,921,821	27,209,565	–	–	215,131,386
Satisfactory	33,595,752	15,533,006	–	–	49,128,758
Impaired	–	–	13,314,951	5,948	13,320,899
No rating	119,588,395	9,680,211	–	–	129,268,606
Gross carrying amount	341,105,968	52,422,782	13,314,951	5,948	406,849,649
Total ECL	(1,425,581)	(3,629,496)	(7,343,173)	(1,771)	(12,400,021)
Net carrying amount	339,680,387	48,793,286	5,971,778	4,177	394,449,628

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

(a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance ("ECL") is recognised. (Continued)

The Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Other assets					
2023					
Sovereign	**1,196,109**	**–**	**–**	**–**	**1,196,109**
Investment grade	**3,247,341**	**–**	**–**	**–**	**3,247,341**
Non-investment grade	**277,698**	**–**	**–**	**–**	**277,698**
Impaired	**–**	**–**	**517,882**	**–**	**517,882**
No rating	**6,467,154**	**2,000**	**–**	**–**	**6,469,154**
Gross carrying amount	**11,188,302**	**2,000**	**517,882**	**–**	**11,708,184**
Total ECL	**(29,751)**	**(2,000)**	**(517,882)**	**–**	**(549,633)**
Net carrying amount	**11,158,551**	**–**	**–**	**–**	**11,158,551**
2022					
Sovereign	611,292	–	–	–	611,292
Investment grade	4,345,821	–	–	–	4,345,821
Impaired	–	–	520,019	–	520,019
No rating	6,474,589	2,000	–	–	6,476,589
Gross carrying amount	11,431,702	2,000	520,019	–	11,953,721
Total ECL	(23,340)	(2,000)	(520,019)	–	(545,359)
Net carrying amount	11,408,362	–	–	–	11,408,362

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)
57.1 CREDIT RISK (CONTINUED)
57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)
(a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance ("ECL") is recognised. (Continued)

The Group	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loan commitments and Financial guarantee contracts					
2023					
Good	**81,821,709**	**944,506**	**–**	**–**	**82,766,215**
Satisfactory	**8,422,679**	**2,490,736**	**–**	**–**	**10,913,485**
Impaired	**–**	**–**	**327,470**	**–**	**327,470**
No rating	**54,888,947**	**542,033**	**–**	**–**	**55,430,980**
Gross exposure	**145,133,335**	**3,977,275**	**327,470**	**–**	**149,438,080**
Total ECL	**(415,265)**	**(73,124)**	**(180,063)**	**–**	**(668,452)**
Net exposure	**144,718,070**	**3,904,151**	**147,407**	**–**	**148,769,628**
2022					
Good	77,814,464	3,157,761	–	–	80,972,225
Satisfactory	6,567,778	1,395,123	–	–	7,962,901
Impaired	–	–	501,338	–	501,338
No rating	48,644,327	560,915	–	–	49,205,242
Gross exposure	133,026,569	5,113,799	501,338	–	138,641,706
Total ECL	(367,055)	(138,749)	(310,561)	–	(816,365)
Net exposure	132,659,514	4,975,050	190,777	–	137,825,341

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

(a) Financial assets using General 3-stage approach (Continued)

i) Analysis of credit quality of loans, advances and financing by product

The Group 2023	Overdraft RM'000	Term loans/ financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance credits RM'000	Staff loans RM'000	Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
	Loans and advances at amortised cost									
12-month ECL (Stage 1)	4,233,811	331,349,514	6,135,734	1,519,636	3,324,035	1,840,074	10,029,825	43,482,696	19,687	401,935,012
- Good	1,587,559	204,514,190	4,944,063	1,129,701	1,743,765	1,324,589	3,776,978	19,899,976	-	238,920,821
- Satisfactory	289,153	31,386,960	122,996	99,630	99,006	1,659	3,343,411	1,709,366	-	37,052,181
- No rating	2,357,099	95,448,364	1,068,675	290,305	1,481,264	513,826	2,909,436	21,873,354	19,687	125,962,010
Lifetime ECL not credit-impaired (Stage 2)	688,262	21,768,765	632,802	414,723	505,144	3,725	301,603	2,567,757	-	26,882,781
- Good	217,044	3,739,017	349,641	383,992	344,036	385	1,667	1,381,882	-	6,417,664
- Satisfactory	406,450	11,110,902	282,043	23,799	144,629	730	245,979	689,941	-	12,904,473
- No rating	64,768	6,918,846	1,118	6,932	16,479	2,610	53,957	495,934	-	7,560,644
Lifetime ECL credit-impaired (Stage 3)	201,034	10,777,961	53,923	40,836	104,265	1,987	166,578	417,542	-	11,764,126
- Impaired	201,034	10,777,961	53,923	40,836	104,265	1,987	166,578	417,542	-	11,764,126
Purchased credit impaired	-	6,117	-	-	-	-	-	-	-	6,117
- Impaired	-	6,117	-	-	-	-	-	-	-	6,117
Total	5,123,107	363,902,357	6,822,459	1,975,195	3,933,444	1,845,786	10,498,006	46,467,995	19,687	440,588,036

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)
57.1 CREDIT RISK (CONTINUED)
57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)
(a) Financial assets using General 3-stage approach (Continued)

i) Analysis of credit quality of loans, advances and financing by product (Continued)

	Loans and advances at amortised cost									
The Group 2022	**Overdraft RM'000**	**Term loans/ financing RM'000**	**Bills receivable RM'000**	**Trust receipts RM'000**	**Claims on customers under acceptance credits RM'000**	**Staff loans RM'000**	**Credit card receivables RM'000**	**Revolving credits RM'000**	**Share margin financing RM'000**	**Total gross carrying amount RM'000**
12-month ECL (Stage 1)	3,965,155	276,999,236	5,984,455	1,927,146	3,432,629	1,683,811	8,769,284	38,293,906	50,346	341,105,968
– Good	1,417,826	156,041,385	4,676,552	1,582,628	1,528,372	1,205,171	3,355,370	18,114,517	–	187,921,821
– Satisfactory	283,580	29,866,190	45,265	21,545	132,685	1,817	2,739,749	503,554	1,367	33,595,752
– No rating	2,263,749	91,091,661	1,262,638	322,973	1,771,572	476,823	2,674,165	19,675,835	48,979	119,588,395
Lifetime ECL not credit-impaired (Stage 2)	777,689	46,246,568	690,033	410,324	569,563	75,799	389,278	3,263,528	–	52,422,782
– Good	187,533	23,783,776	330,212	370,670	346,992	72,994	1,128	2,116,260	–	27,209,565
– Satisfactory	478,219	13,678,888	358,647	30,374	107,107	950	332,760	546,061	–	15,533,006
– No rating	111,937	8,783,904	1,174	9,280	115,464	1,855	55,390	601,207	–	9,680,211
Lifetime ECL credit-impaired (Stage 3)	198,651	11,146,713	87,413	345,760	102,839	1,491	175,837	1,256,247	–	13,314,951
– Impaired	198,651	11,146,713	87,413	345,760	102,839	1,491	175,837	1,256,247	–	13,314,951
Purchased credit impaired	–	5,948	–	–	–	–	–	–	–	5,948
– Impaired	–	5,948	–	–	–	–	–	–	–	5,948
Total	4,941,495	334,398,465	6,761,901	2,683,230	4,105,031	1,761,101	9,334,399	42,813,681	50,346	406,849,649

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses allowance ("ECL") is recognised. (Continued)

The Company	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term funds					
2023					
No rating	**363,691**	**–**	**–**	**–**	**363,691**
Gross carrying amount	**363,691**	**–**	**–**	**–**	**363,691**
Total ECL	**–**	**–**	**–**	**–**	**–**
Net carrying amount	**363,691**	**–**	**–**	**–**	**363,691**
2022					
No rating	474,259	–	–	–	474,259
Gross carrying amount	474,259	–	–	–	474,259
Less: ECL	–	–	–	–	–
Net carrying amount	474,259	–	–	–	474,259
Debt instruments at FVOCI					
2023					
No rating	**1,144,797**	**–**	**–**	**–**	**1,144,797**
Gross carrying amount*	**1,144,797**	**–**	**–**	**–**	**1,144,797**
Total ECL^^	**(7,679)**	**–**	**–**	**–**	**(7,679)**
2022					
No rating	1,737,110	–	–	–	1,737,110
Gross carrying amount*	1,737,110	–	–	–	1,737,110
Total ECL^^	(11,472)	–	–	–	(11,472)

* *This represents the fair value of the securities*

^^ *The ECL is recognised in OCI reserves instead of in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value.*

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

(a) Financial assets using General 3-stage approach (Continued)

The following table disclose an analysis of the credit risk exposure of financial assets for which an expected credit losses allowance ("ECL") is recognised. (Continued)

The Company	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Debt instruments at amortised cost					
2023					
No rating	**8,468,345**	**–**	**–**	**–**	**8,468,345**
Gross carrying amount	**8,468,345**	**–**	**–**	**–**	**8,468,345**
Total ECL	**(56,079)**	**–**	**–**	**–**	**(56,079)**
Net carrying amount	**8,412,266**	**–**	**–**	**–**	**8,412,266**
2022					
No rating	7,864,777	–	–	–	7,864,777
Gross carrying amount	7,864,777	–	–	–	7,864,777
Total ECL	(51,376)	–	–	–	(51,376)
Net carrying amount	7,813,401	–	–	–	7,813,401
Amount owing by subsidiaries					
2023					
Investment grade	**–**	**–**	**–**	**–**	**–**
Impaired	**–**	**–**	**–**	**–**	**–**
Gross carrying amount	**–**	**–**	**–**	**–**	**–**
Total ECL	**–**	**–**	**–**	**–**	**–**
Net carrying amount	**–**	**–**	**–**	**–**	**–**
2022					
Investment grade	209	–	–	–	209
Impaired	–	–	775	–	775
Gross carrying amount	209	–	775	–	984
Total ECL	–	–	(775)	–	(775)
Net carrying amount	209	–	–	–	209

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

(b) **Financial assets using simplified approach**

ANALYSIS OF OTHER ASSETS BY CREDIT RATING

The credit quality of other assets are assessed by reference to internal rating system adopted by the Group. Where internal rating system is not applied, external credit rating by major credit rating agencies will be adopted, as summarised below:

The Group and the Company

Rating classification	Internal rating label	External credit rating
Investment grade (IG)	1 to 10	AAA to BBB-
Non-investment grade	11 to 28	BB+ and below

Credit quality description can be summarised below:

Investment Grade – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

Non-investment Grade – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

No rating – This includes exposures where ratings are not available and portfolio average were applied.

Sovereign – Refers to exposures relate to government and central bank.

The following tables are analysis of the credit risk exposure of other assets using simplified approach:

The Group	Sovereign RM'000	Investment grade RM'000	Non-investment grade RM'000	No rating RM'000	Gross carrying amount RM'000	ECL RM'000	Net carrying amount RM'000
2023							
Other assets	**247,582**	**64,230**	**–**	**1,216,265**	**1,528,077**	**(107,651)**	**1,420,426**
Total	**247,582**	**64,230**	**–**	**1,216,265**	**1,528,077**	**(107,651)**	**1,420,426**
2022							
Other assets	3,029	304,265	–	196,734	504,028	(156,042)	347,986
Total	3,029	304,265	–	196,734	504,028	(156,042)	347,986

Notes to the Financial Statements

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.4 CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

(b) Financial assets using simplified approach (Continued)

ANALYSIS OF OTHER ASSETS BY CREDIT RATING (CONTINUED)

The following tables are analysis of the credit risk exposure of other assets using simplified approach (Continued):

The Company	Sovereign RM'000	Investment grade RM'000	Non-investment grade RM'000	No rating RM'000	Gross carrying amount RM'000	ECL RM'000	Net carrying amount RM'000
2023							
Other assets	**–**	**–**	**–**	**969**	**969**	**–**	**969**
Total	**–**	**–**	**–**	**969**	**969**	**–**	**969**
2022							
Other assets	–	–	–	872	872	–	872
Total	–	–	–	872	872	–	872

57.1.5 REPOSSESSED COLLATERAL

The Group obtained assets by taking possession of collateral held as security as at 31 December 2023 and 31 December 2022 are as follows:

	The Group Carrying amount RM'000	The Company Carrying amount RM'000
2023		
Nature of assets		
Industrial and residential properties, development land and motor vehicles	**247,038**	**–**
2022		
Nature of assets		
Industrial and residential properties, development land and motor vehicles	210,116	–

Repossessed collaterals are sold as soon as practicable. The Group does not utilise the repossessed collaterals for its business use.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.1 CREDIT RISK (CONTINUED)

57.1.6 MODIFICATION OF LOANS, ADVANCES AND FINANCING

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime expected credit loss – not credit impaired (Stage 2):

	The Group	
	2023 RM'000	**2022 RM'000**
Amortised cost before modification	**105,790**	397,991
Modification loss	**(1,168)**	(919)
Amortised cost after modification	**104,622**	397,072

Gross carrying amounts of loans, advances and financing of the Group as at 31 December 2023, for which loss allowance has changed to 12-month measurement (Stage 1) during the financial year amounting to RM4,305,000 (2022: RM5,628,000).

57.1.7 OVERLAYS AND ADJUSTMENTS FOR EXPECTED CREDIT LOSSES

In the post-COVID-19 environment, the Group continued to apply overlays and post-model adjustments to address economic uncertainties and external risks including, but not limited to, international trade trends, the prevailing effects of high policy rates and inflation, as well as the potential consequences of global geopolitical tensions for the adequacy of the overall level of ECL for the year ended 31 December 2023.

These overlays and post-model adjustments were applied to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact on delinquencies and defaults arising from the potential risks mentioned above.

The overlays and post-model adjustments involved a significant level of judgement and have reflected the management's views on the severity of post-pandemic impacts and paths to recovery in the forward-looking assessment of ECL estimation.

The impact of these overlays and post-model adjustments is estimated at the portfolio level, which remains outside the core MFRS 9 process and amounts to RM1,818.2 million (2022: RM1,594.2 million) of the Group's ECL on loans, advances/financing (including undrawn loans, advances and financing). Total overlays for ECL inclusive of the macro-economic adjustments is maintained by the Group within loans, advances/financing as at 31 December 2023.

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK

Market risk is defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

MARKET RISK MANAGEMENT ("MRM")

The Group hedges the exposures to market risk by employing various strategies, including the use of derivative instruments.

The Group adopts various measures as part of the risk management process. The GRCC with the assistance of GMCRC and its delegated committees ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board.

Market Risk CoE is responsible for measuring and controlling the Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework.

Market Risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by Market Risk Management quantitative analysts to assess their applicability relative to market conditions.

The Group adopts the VaR methodology as an approach in the measurement of market risk. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. The usage of market VaR by risk type based on 1-day holding period of the Group's trading exposures as at 31 December 2023 is shown in Note 57.2.1.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limit usage, assessing limit adequacy and verifying transaction prices.

Capital Treatment for Market Risk

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

57.2.1 VaR

The usage of market VaR by risk type based on 1-day holding period of the Group's trading exposures are set out as below:

	The Group	
	2023 RM'000	**2022 RM'000**
Foreign exchange risk	**14,599**	10,447
Interest rate risk	**31,059**	46,575
Equity risk	**2,797**	993
Commodity risk	**514**	1,143
Total	**48,969**	59,158
Total shareholder's fund	**68,326,961**	62,491,206
Percentage of shareholder's fund	**0.07%**	0.09%

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for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK

Interest rate risk relates to the potential adverse impact on net interest income arising from changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk ("EaR").

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates

The table below summarises the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

	Non-trading book								
The Group 2023	**Up to 1 month RM'000**	**> 1 - 3 months RM'000**	**> 3 - 6 months RM'000**	**> 6 - 12 months RM'000**	**> 1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Financial assets									
Cash and short-term funds	27,499,510	-	-	-	-	-	7,272,960	-	34,772,470
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	6,750,084	1,715,282	621,817	436,925	147,290	-	36,294	-	9,707,692
Deposits and placements with banks and other financial institutions	-	2,112,459	1,018,384	75,764	-	-	1,011	-	3,207,618
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,419,321	47,203,410	48,622,731
Debt instruments at fair value through other comprehensive income	704,070	3,225,750	1,109,833	3,887,060	30,805,144	31,176,512	508,929	-	71,417,298
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	306,171	-	306,171
Debt instruments at amortised cost	3,354,641	7,701,268	4,252,414	4,390,109	25,920,492	32,114,395	764,876	-	78,498,195
Derivative financial instruments	14,218	110,486	34,977	92,058	425,151	282,030	-	14,685,975	15,644,895
Loans, advances and financing	299,722,953	16,369,792	10,339,956	11,795,543	41,003,446	50,181,917	36,430	-	429,450,037
Other assets	4,679,829	385,263	5,356	5,579	49,019	-	7,453,931	-	12,578,977
Total financial assets	342,725,305	31,620,300	17,382,737	20,683,038	98,350,542	113,754,854	17,799,923	61,889,385	704,206,084

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK (CONTINUED)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued).

The table below summarises the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued).

The Group 2023	Non-trading book: Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Financial liabilities									
Deposits from customers	232,634,390	62,771,146	55,121,634	47,192,094	4,634,798	515,432	60,572,598	-	463,442,092
Investment accounts of customers	3,662,911	4,390,680	5,022,693	5,037,556	521,316	-	348,969	-	18,984,125
Deposits and placements of banks and other financial institutions	19,513,350	15,370,239	1,483,235	1,355,957	1,531,245	695,011	334,182	-	40,283,219
Repurchase agreements/Collateralised Commodity Murabahah	23,468,694	22,833,697	2,776,607	-	-	-	307,568	-	49,386,566
Derivative financial instruments	41,098	61,301	34,969	18,359	362,204	123,443	-	15,435,845	16,077,219
Bills and acceptances payable	733,632	517,029	423,094	5	1,682	-	78,492	-	1,753,934
Financial liabilities designated at fair value through profit or loss	903,454	923,261	827,538	156,951	7,395,389	2,044,021	32,717	145,907	12,429,238
Other liabilities	5,688,671	2,232,137	783,387	1,341,074	757,282	27,630	10,525,250	-	21,355,431
Lease liabilities	20,513	5,974	10,672	47,477	338,516	125,469	-	-	548,621
Recourse obligation on loans and financing sold to Cagamas	-	160,021	512,000	488,000	2,804,345	-	22,383	-	3,986,749
Bonds, Sukuk and debentures	3,327,310	842,766	2,514,683	543,995	4,895,593	686,684	110,011	-	12,921,042
Other borrowings	229,305	4,039,490	812,697	1,214,691	3,363,419	1,520	37,462	-	9,698,584
Subordinated obligations	-	-	1,000,000	2,814,143	6,851,093	400,278	68,533	-	11,134,047
Total financial liabilities	290,223,328	114,147,741	71,323,209	60,210,302	33,456,882	4,619,488	72,438,165	15,581,752	662,000,867
Net interest sensitivity gap	52,501,977	(82,527,441)	(53,940,472)	(39,527,264)	64,893,660	109,135,366		46,307,633	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	8,234,174	-	8,234,174
Credit related commitments and contingencies	-	-	-	-	-	-	141,203,906	-	141,203,906
Treasury related commitments and contingencies (hedging)	3,678,332	7,139,880	2,654,070	4,254,649	26,815,724	11,550,365	-	-	56,093,020
Net interest sensitivity gap	3,678,332	7,139,880	2,654,070	4,254,649	26,815,724	11,550,365	149,438,080	-	205,351,100

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK (CONTINUED)

(a) **Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued).**

The table below summarises the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued).

	Non-trading book								
The Group 2022	**Up to 1 month RM'000**	**> 1 – 3 months RM'000**	**> 3 – 6 months RM'000**	**> 6 – 12 months RM'000**	**> 1 – 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Financial assets									
Cash and short-term funds	35,736,945	–	–	–	–	–	8,271,915	–	44,008,860
Repurchase agreements/Collateralised Commodity Murabahah	8,175,433	934,909	610,730	–	–	–	30,190	–	9,751,262
Deposits and placements with banks and other financial institutions	–	2,338,959	624,382	113,351	–	–	19,790	–	3,096,482
Financial investments at fair value through profit or loss	–	–	–	–	–	–	1,432,008	31,768,255	33,200,263
Debt instruments at fair value through other comprehensive income	773,205	2,116,728	1,470,697	2,333,695	26,415,277	24,884,048	382,011	–	58,375,661
Equity instruments at fair value through other comprehensive income	–	–	–	–	–	–	300,669	–	300,669
Debt instruments at amortised cost	1,777,905	2,688,066	4,143,262	3,264,161	27,004,745	25,121,509	533,776	–	64,533,424
Derivative financial instruments	6,967	100,529	43,320	12,006	633,066	652,756	–	16,623,514	18,072,158
Loans, advances and financing	278,465,017	15,701,060	9,859,003	10,858,604	32,774,095	46,875,546	23,855	–	394,557,180
Other assets	2,951,534	1,700	5,024	6,640	121,095	37,364	8,632,991	–	11,756,348
Total financial assets	327,887,006	23,881,951	16,756,418	16,588,457	86,948,278	97,571,223	19,627,205	48,391,769	637,652,307

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK (CONTINUED)

(a) **Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued).**

The table below summarises the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued).

	Non-trading book								
The Group 2022	**Up to 1 month RM'000**	**> 1 - 3 months RM'000**	**> 3 - 6 months RM'000**	**> 6 - 12 months RM'000**	**> 1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Financial liabilities									
Deposits from customers	232,310,060	66,735,518	35,416,118	33,819,006	8,722,893	540,349	55,406,039	-	432,949,983
Investment accounts of customers	2,391,844	2,099,926	3,887,801	4,582,225	132,902	492,193	97,741	-	13,684,632
Deposits and placements of banks and other financial institutions	16,588,085	11,640,720	2,577,782	1,078,148	1,347,810	647,910	308,794	-	34,189,249
Repurchase agreements/Collateralised Commodity Murabahah	13,642,010	15,073,594	5,400,809	641,964	971,764	-	193,060	-	35,923,201
Derivative financial instruments	27,137	82,480	37,855	31,523	433,335	243,356	-	16,604,847	17,460,533
Bills and acceptances payable	854,868	628,979	489,507	-	-	-	29,073	-	2,002,427
Financial liabilities designated at fair value through profit or loss	799,985	812,110	787,941	131,556	7,416,889	1,032,886	29,250	53,236	11,063,853
Other liabilities	4,406,515	2,007,872	997,011	1,471,610	607,020	82,103	13,888,146	-	23,460,277
Lease liabilities	23,121	7,724	11,379	26,030	284,325	147,559	-	-	500,138
Recourse obligation on loans and financing sold to Cagamas	-	160,020	-	-	487,568	-	3,079	-	650,667
Bonds, Sukuk and debentures	3,200,125	586,550	102,984	48,008	5,446,366	459,269	74,907	-	9,918,209
Other borrowings	41,074	10,427	3,586,397	37,522	4,560,731	2,056	26,578	-	8,264,785
Subordinated obligations	-	700,020	-	2,008,933	7,876,540	311,643	117,379	-	11,014,515
Total financial liabilities	274,284,824	100,545,940	53,295,584	43,876,525	38,288,143	3,959,324	70,174,046	16,658,083	601,082,469
Net interest sensitivity gap	53,602,182	(76,663,989)	(36,539,166)	(27,288,068)	48,660,135	93,611,899		31,733,686	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	9,235,260	-	9,235,260
Credit related commitments and contingencies	-	-	-	-	-	-	128,590,081	-	128,590,081
Treasury related commitments and contingencies (hedging)	1,541,630	2,675,212	1,968,983	3,399,346	27,397,195	10,010,150	-	-	46,992,516
Net interest sensitivity gap	1,541,630	2,675,212	1,968,983	3,399,346	27,397,195	10,010,150	137,825,341	-	184,817,857

Notes to the Financial Statements

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK (CONTINUED)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued).

The table below summarises the Company's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

	Non-trading book								
The Company 2023	**Up to 1 month RM'000**	**> 1 - 3 months RM'000**	**> 3 - 6 months RM'000**	**> 6 - 12 months RM'000**	**> 1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Financial assets									
Cash and short-term funds	361,094	-	-	-	-	-	2,597	-	363,691
Debt instruments at fair value through other comprehensive income	-	-	-	-	948,364	190,657	5,776	-	1,144,797
Debt instruments at amortised cost	-	-	-	1,986,648	6,357,274	-	68,344	-	8,412,266
Other assets	-	-	-	-	-	-	969	-	969
Total financial assets	361,094	-	-	1,986,648	7,305,638	190,657	77,686	-	9,921,723
Financial liabilities									
Other liabilities	-	-	-	-	-	-	3,135	-	3,135
Amount due to subsidiaries	-	-	-	-	-	-	13,625	-	13,625
Other borrowings	-	-	350,000	1,000,000	2,600,000	-	7,145	-	3,957,145
Subordinated obligations	-	-	1,000,000	2,000,000	7,350,000	200,000	74,837	-	10,624,837
Total financial liabilities	-	-	1,350,000	3,000,000	9,950,000	200,000	98,742	-	14,598,742
Net interest sensitivity gap	361,094	-	(1,350,000)	(1,013,352)	(2,644,362)	(9,343)		-	

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK (CONTINUED)

(a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued).

The table below summarises the Company's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued).

	Non-trading book								
The Company 2022	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Financial assets									
Cash and short-term funds	351,437	–	–	–	–	–	122,822	–	474,259
Debt instruments at fair value through other comprehensive income	–	–	–	1,010,530	533,048	181,416	12,117	–	1,737,111
Debt instruments at amortised cost	–	695,292	–	–	7,053,333	–	64,776	–	7,813,401
Other assets	–	–	–	–	–	–	872	–	872
Amount due from subsidiaries	–	–	–	–	–	–	209	–	209
Total financial assets	351,437	695,292	–	1,010,530	7,586,381	181,416	200,796	–	10,025,852
Financial liabilities									
Other liabilities	–	–	–	–	–	–	12,762	–	12,762
Amount due to subsidiaries	–	–	–	–	–	–	531	–	531
Other borrowings	–	–	350,000	–	3,600,000	–	6,970	–	3,956,970
Subordinated obligations	–	700,000	–	1,000,000	8,650,000	200,000	77,596	–	10,627,596
Total financial liabilities	–	700,000	350,000	1,000,000	12,250,000	200,000	97,859	–	14,597,859
Net interest sensitivity gap	351,437	(4,708)	(350,000)	10,530	(4,663,619)	(18,584)		–	

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK (CONTINUED)

(b) Sensitivity of profit

The table below shows the sensitivity of the Group's and the Company's banking book to movement in interest rates:

	The Group		The Company	
	Increase/(decrease)		Increase/(decrease)	
	+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
2023				
Impact to profit (after tax)	**(466,478)**	**466,478**	**(7,519)**	**7,519**
2022				
Impact to profit (after tax)	(305,826)	305,826	1,168	(1,168)

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing are profiled based on core balance assumptions. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK (CONTINUED)

(c) Sensitivity of reserves

The table below shows the sensitivity of the Group's and the Company's banking book to movement in interest rates:

	The Group		The Company	
	Increase/(decrease)		Increase/(decrease)	
	+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
2023				
Impact to fair value reserves-debt instruments at fair value through other comprehensive income	**(2,540,576)**	**2,540,576**	**39,363**	**(39,363)**
2022				
Impact to fair value reserves-debt instruments at fair value through other comprehensive income	(2,827,833)	2,827,833	(37,076)	37,076

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserves in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments at fair value through other comprehensive income following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group would take to mitigate the impact of this interest rate risk. In practice, the Group proactively seeks to mitigate the effect of prospective interest movements.

Notes to the Financial Statements
for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.3 FOREIGN EXCHANGE RISK

The Group and the Company are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Company take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure to foreign exchange currencies at each entity level.

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company.

The Group 2023	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	HKD RM'000	EUR RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	16,766,003	1,628,104	183,869	1,151,326	9,164,917	461,064	646,972	986,260	507,150	179,442	717,677	2,379,686	18,006,467	34,772,470
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	2,424,628	1,598,602	346,190	2,338,057	2,304,548	75,440	351,923	4,904	-	1,082	1,723	260,595	7,283,064	9,707,692
Deposits and placements with banks and other financial institutions	666,804	-	-	2	1,439,721	240,164	-	616,088	136,726	75,925	-	32,188	2,540,814	3,207,618
Financial investments at fair value through profit or loss	17,871,578	5,473,756	8,339,927	8,621,391	5,123,042	491,246	-	2,132,674	145,934	318,045	90,873	14,265	30,751,153	48,622,731
Debt instruments at fair value through other comprehensive income	36,587,878	12,104,795	10,035,413	2,681,099	6,798,269	1,584,684	-	205,191	383,230	782,800	186,012	67,927	34,829,420	71,417,298
Equity instruments at fair value through other comprehensive income	297,701	(1,290)	5,811	54	-	-	-	-	-	-	3,895	-	8,470	306,171
Debt instruments at amortised cost	55,554,048	5,094,812	3,957,903	11,306,277	2,423,410	-	-	55,473	-	-	59,683	46,589	22,944,147	78,498,195
Derivative financial instruments	25,275,445	176,998	62,639,881	10,126,612	(151,896,691)	13,886,816	14,998,991	21,589,120	(59,943)	2,278,015	11,484,825	5,144,826	(9,630,550)	15,644,895
Loans, advances and financing	254,689,202	53,033,538	30,956,684	37,850,872	34,360,693	715,945	6,727,422	777,483	2,167,040	1,487,077	1,110,391	5,573,690	174,760,835	429,450,037
Other assets	5,658,953	1,110,981	1,341,664	585,125	3,263,444	41,858	5,266	6,607	3,772	79,241	96,348	385,718	6,920,024	12,578,977
	415,792,240	80,220,296	117,807,342	74,660,815	(87,018,647)	17,497,217	22,730,574	26,373,800	3,283,909	5,201,627	13,751,427	13,905,484	288,413,844	704,206,084

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.3 FOREIGN EXCHANGE RISK (CONTINUED)

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company (Continued).

The Group 2023	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	HKD RM'000	EUR RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	262,972,106	52,010,517	32,908,810	48,240,417	53,002,875	1,654,043	1,784,821	2,720,742	802,688	2,728,796	1,260,255	3,356,022	200,469,986	463,442,092
Investment accounts of customers	18,391,538	-	-	-	592,587	-	-	-	-	-	-	-	592,587	18,984,125
Deposits and placements of banks and other financial institutions	7,749,083	441,699	2,783,810	3,309,138	19,687,542	103,843	252,994	22,855	2,586,328	2,677,369	530,067	138,491	32,534,136	40,283,219
Repurchase agreements/ Collateralised Commodity Murabahah	24,428,806	6,093,462	6,873,957	396,643	10,782,144	-	-	811,554	-	-	-	-	24,957,760	49,386,566
Financial liabilities designated at fair value through profit or loss	4,078,828	5,653,404	2,691,300	-	5,706	-	-	-	-	-	-	-	8,350,410	12,429,238
Derivatives financial instruments	38,748,976	555,545	65,750,476	20,983,842	(189,178,352)	15,585,173	20,538,257	24,805,279	(1,118,671)	(922,375)	11,867,722	8,461,347	(22,671,757)	16,077,219
Bills and acceptances payable	269,506	197,006	310,930	142,960	766,568	-	59	-	9,365	-	57,523	17	1,484,428	1,753,934
Other liabilities	7,527,175	5,375,727	1,306,922	1,186,786	4,927,832	147,380	72,802	21,949	43,001	151,280	119,500	475,077	13,828,256	21,355,431
Lease liabilities	316,204	26,620	26,356	85,563	31,901	-	4,051	-	-	20,555	-	37,371	232,417	548,621
Recourse obligation on loans and financing sold to Cagamas	3,986,749	-	-	-	-	-	-	-	-	-	-	-	-	3,986,749
Other borrowings	3,957,144	1,142,297	-	-	4,599,143	-	-	-	-	-	-	-	5,741,440	9,698,584
Bonds, Sukuk and debentures	3,464,575	688,919	535,122	-	7,333,921	-	-	-	-	898,505	-	-	9,456,467	12,921,042
Subordinated obligations	11,098,185	35,862	-	-	-	-	-	-	-	-	-	-	35,862	11,134,047
	386,988,875	72,221,058	113,187,683	74,345,349	(87,448,133)	17,490,439	22,652,984	28,382,379	2,322,711	5,554,130	13,835,067	12,468,325	275,011,992	662,000,867
Financial guarantees	3,083,835	115,238	677	1,093,313	3,600,885	-	20,169	16,403	112,188	26,438	124,441	40,587	5,150,339	8,234,174
Credit related commitments and contingencies	99,345,917	4,134,090	4,557,545	10,838,197	17,084,464	88,919	1,969,309	254,448	841,000	1,263,242	216,466	610,309	41,857,989	141,203,906
	102,429,752	4,249,328	4,558,222	11,931,510	20,685,349	88,919	1,989,478	270,851	953,188	1,289,680	340,907	650,896	47,008,328	149,438,080

Notes to the Financial Statements

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.3 FOREIGN EXCHANGE RISK (CONTINUED)

(a) **The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company (Continued).**

The Group 2022	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	HKD RM'000	EUR RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	22,408,607	4,210,557	171,439	815,648	11,608,358	525,628	521,196	325,829	659,742	494,405	499,564	1,767,887	21,600,253	44,008,860
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	2,402,619	144,167	733,250	2,360,469	3,867,947	61,587	72,031	6,781	-	1,952	12,848	87,611	7,348,643	9,751,262
Deposits and placements with banks and other financial institutions	1,889,112	-	-	72	435,163	-	-	-	761,448	-	-	10,687	1,207,370	3,096,482
Financial investments at fair value through profit or loss	13,512,279	2,396,563	2,851,373	10,435,858	2,669,786	239,730	-	780,376	158,284	136,404	19,610	-	19,687,984	33,200,263
Debt instruments at fair value through other comprehensive income	31,590,673	9,115,415	8,413,789	2,566,970	4,669,793	686,173	-	335,909	64,667	685,927	184,485	61,860	26,784,988	58,375,661
Equity instruments at fair value through other comprehensive income	288,032	3,595	6,445	72	73	-	-	-	-	-	2,452	-	12,637	300,669
Debt instruments at amortised cost	46,450,974	5,404,792	3,481,057	7,388,500	1,444,435	-	-	261,410	-	-	55,575	46,681	18,082,450	64,533,424
Derivative financial instruments	15,598,922	(54,740)	79,879,103	14,846,983	(94,841,767)	155,960	(2,380,944)	5,069,451	455,940	1,167,352	(3,860,526)	2,036,424	2,473,236	18,072,158
Loans, advances and financing	241,059,640	47,327,996	28,107,164	34,205,123	31,557,936	460,297	5,587,814	333,333	1,404,991	1,666,192	598,798	2,247,896	153,497,540	394,557,180
Other assets	4,946,217	1,057,102	2,450,530	324,901	2,525,282	9,936	3,935	73	3,663	31,125	84,437	319,147	6,810,131	11,756,348
	380,147,075	69,605,447	126,094,150	72,944,596	(36,062,994)	2,139,311	3,804,032	7,113,162	3,508,735	4,183,357	(2,402,757)	6,578,193	257,505,232	637,652,307

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.3 FOREIGN EXCHANGE RISK (CONTINUED)

(a) **The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company (Continued).**

The Group 2022	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	HKD RM'000	EUR RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	253,149,182	47,460,908	28,079,470	43,306,373	47,053,198	1,580,596	2,694,168	1,454,686	969,443	3,509,734	831,761	2,860,464	179,800,801	432,949,983
Investment accounts of customers	13,182,966	-	-	-	501,666	-	-	-	-	-	-	-	501,666	13,684,632
Deposits and placements of banks and other financial institutions	8,953,631	656,771	3,418,428	1,774,502	16,103,524	183,886	46,272	631,178	1,514,167	712,284	24,836	169,770	25,235,618	34,189,249
Repurchase agreements/ Collateralised Commodity Murabahah	24,834,836	1,710,291	2,494,806	-	6,764,987	-	-	-	74,566	43,715	-	-	11,088,365	35,923,201
Financial liabilities designated at fair value through profit or loss	3,976,968	4,364,123	2,691,926	-	30,836	-	-	-	-	-	-	-	7,086,885	11,063,853
Derivatives financial instruments	23,858,312	25,667	81,053,900	27,070,984	(119,235,873)	371,542	849,125	5,905,581	380,016	(1,105,763)	(3,327,342)	1,614,384	(6,397,779)	17,460,533
Bills and acceptances payable	253,275	310,436	251,554	135,087	1,001,877	-	53	5,968	15,188	-	28,950	39	1,749,152	2,002,427
Other liabilities	6,686,691	5,624,578	3,800,180	989,531	5,677,753	94,837	116,330	9,336	14,309	52,140	95,885	298,707	16,773,586	23,460,277
Lease liabilities	233,335	69,398	24,352	104,716	39,341	-	5,260	-	-	14,446	-	9,290	266,803	500,138
Recourse obligation on loans and financing sold to Cagamas	650,667	-	-	-	-	-	-	-	-	-	-	-	-	650,667
Other borrowings	3,956,970	967,482	-	-	3,318,311	-	-	-	-	-	-	22,022	4,307,815	8,264,785
Bonds, Sukuk and debentures	2,474,530	482,001	342,338	-	5,788,476	-	-	-	-	830,864	-	-	7,443,679	9,918,209
Subordinated obligations	10,970,104	44,411	-	-	-	-	-	-	-	-	-	-	44,411	11,014,515
	353,181,467	61,716,066	122,156,954	73,381,193	(32,955,904)	2,230,861	3,711,208	8,006,749	2,967,689	4,057,420	(2,345,910)	4,974,676	247,901,002	601,082,469
Financial guarantees	2,709,924	108,053	31,772	2,848,562	3,253,196	736	10,439	17,387	29,812	101,349	79,973	44,057	6,525,336	9,235,260
Credit related commitments and contingencies	92,101,714	4,051,421	4,298,907	9,458,664	16,344,817	77,998	983,081	78,583	574,534	450,459	163,387	6,516	36,488,367	128,590,081
	94,811,638	4,159,474	4,330,679	12,307,226	19,598,013	78,734	993,520	95,970	604,346	551,808	243,360	50,573	43,013,703	137,825,341

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.3 FOREIGN EXCHANGE RISK (CONTINUED)

(a) **The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company (Continued).**

The Company 2023	**MYR RM'000**	**IDR RM'000**	**USD RM'000**	**Total non-MYR RM'000**	**Grand total RM'000**
Financial assets					
Cash and short-term funds	**363,688**	**1**	**2**	**3**	**363,691**
Debt instruments at fair value through other comprehensive income	**1,144,797**	**–**	**–**	**–**	**1,144,797**
Debt instruments at amortised cost	**8,412,266**	**–**	**–**	**–**	**8,412,266**
Other assets	**969**	**–**	**–**	**–**	**969**
	9,921,720	**1**	**2**	**3**	**9,921,723**
Financial liabilities					
Other liabilities	**3,135**	**–**	**–**	**–**	**3,135**
Amount due to subsidiaries	**13,625**	**–**	**–**	**–**	**13,625**
Other borrowings	**3,957,145**	**–**	**–**	**–**	**3,957,145**
Subordinated obligations	**10,624,837**	**–**	**–**	**–**	**10,624,837**
	14,598,742	**–**	**–**	**–**	**14,598,742**

The Company 2022	**MYR RM'000**	**IDR RM'000**	**USD RM'000**	**Total non-MYR RM'000**	**Grand total RM'000**
Financial assets					
Cash and short-term funds	460,667	1	13,591	13,592	474,259
Debt instruments at fair value through other comprehensive income	1,737,110	–	–	–	1,737,110
Debt instruments at amortised cost	7,813,401	–	–	–	7,813,401
Other assets	872	–	–	–	872
Amount due from subsidiaries	209	–	–	–	209
	10,012,259	1	13,591	13,592	10,025,851
Financial liabilities					
Other liabilities	12,762	–	–	–	12,762
Amount due to subsidiaries	531	–	–	–	531
Other borrowings	3,956,970	–	–	–	3,956,970
Subordinated obligations	10,627,596	–	–	–	10,627,596
	14,597,859	–	–	–	14,597,859

Notes to the Financial Statements
for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.3 FOREIGN EXCHANGE RISK (CONTINUED)

(b) Sensitivity of profit and reserves

The table below shows the sensitivity of the Group's and the Company's profit and reserves to movement in foreign exchange rates:

	The Group		The Group	
	1% appreciation in foreign currency Increase/(decrease) 2023 RM'000	**1% depreciation in foreign currency Increase/(decrease) 2023 RM'000**	1% appreciation in foreign currency Increase/(decrease) 2022 RM'000	1% depreciation in foreign currency Increase/(decrease) 2022 RM'000
Impact to profit (after tax)	**(1,070)**	**1,070**	(6,012)	6,012
USD	**(7,287)**	**7,287**	(7,230)	7,230
THB	**246**	**(246)**	227	(227)
HKD	**155**	**(155)**	160	(160)
GBP	**643**	**(643)**	848	(848)
JPY	**616**	**(616)**	406	(406)
SGD	**1,543**	**(1,543)**	231	(231)
EUR	**1,581**	**(1,581)**	(322)	322
AUD	**1,034**	**(1,034)**	(58)	58
Others	**399**	**(399)**	(274)	274
Impact to reserves	**(74,399)**	**74,399**	(60,935)	60,935
USD	**(36,345)**	**36,345**	(34,685)	34,685
SGD	**(34,955)**	**34,955**	(25,367)	25,367
GBP	**(965)**	**965**	(883)	883
Others	**(2,134)**	**2,134**	–	–

	The Company		The Company	
	1% appreciation in foreign currency Increase/(decrease) 2023 RM'000	**1% depreciation in foreign currency Increase/(decrease) 2023 RM'000**	1% appreciation in foreign currency Increase/(decrease) 2022 RM'000	1% depreciation in foreign currency Increase/(decrease) 2022 RM'000
Impact to profit (after tax)	*****	******	103	(103)
USD	*****	******	103	(103)
Impact to reserves	**–**	**–**	–	–
USD	**–**	**–**	–	–

** denotes RM24*
*** denotes (RM24)*

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.3 FOREIGN EXCHANGE RISK (CONTINUED)

(b) Sensitivity of profit and reserves (Continued)

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

57.3 LIQUIDITY RISK

Liquidity and funding risk is defined as the current and potential risk to earnings, shareholders' fund or reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business-as-usual ("BAU") and stress conditions. Due to its large delivery network and marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand, and term deposits, thus providing the Group with a stable large funding base from individuals, SMEs, corporates and financial institutions segments. The Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee ("Country ALCO") which subsequently report to Group ALCO ("GALCO"). GALCO meets at least once a month to discuss the liquidity risk and funding profile of the Group. The key liquidity risk metrics comprise of internal liquidity gaps or cashflow maturity profile mismatches under business as usual and stress scenarios, regulatory liquidity coverage ratio ("LCR") and Net Stable Funding Ratio ("NSFR") which are measured and monitored regularly. LCR is a quantitative regulatory requirement which seeks to ensure that banking institutions hold sufficient high quality liquid assets ("HQLA") to withstand an acute liquidity stress scenario over a 30-calendar-days horizon.

The Group monitors and reports LCR and NSFR based on the BNM LCR and NSFR Policy Document dated 25 August 2016 and 31 July 2019 respectively. The effective date for NSFR is 1 July 2020. As part of its ordinary course of business, the Group maintains the LCR and NSFR above the regulatory requirements. In addition, liquidity risk stress testing under various scenarios covering bank-specific (idiosyncratic), market-wide and combined crises is performed regularly to identify sources of potential liquidity strain. Liquidity risk positions based on balance sheet forecasts and relevant risk drivers are projected to help in business planning.

In addition to regulatory limits, liquidity risk undertaken by the Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers ("MATs") have been established to alert the Management to potential and emerging liquidity pressures. The Group's liquidity risk management policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

The Asset-Liability Management function, which is responsible for the independent monitoring of the Group liquidity risk profile, works closely with Group Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries should seek to be self-sufficient in funding at all times. Group Treasury and Markets only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs.

The Group's Contingency Funding Plan ("CFP") is in place to alert and enable the management to act effectively and efficiently during a liquidity or funding crisis and under adverse market conditions. The CFP is subjected to regular testing.

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.1 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines:

The Group 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	34,186,277	-	-	-	-	-	586,193	34,772,470
Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah	6,756,372	1,741,450	621,818	440,762	147,290	-	-	9,707,692
Deposits and placements with banks and other financial institutions	-	2,111,567	1,019,945	76,106	-	-	-	3,207,618
Financial investments at fair value through profit or loss	6,023,276	9,902,589	3,052,789	3,333,732	9,646,830	13,551,247	3,112,268	48,622,731
Debt instruments at fair value through other comprehensive income	460,348	2,389,375	1,347,690	3,829,981	32,020,712	31,369,192	-	71,417,298
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	306,171	306,171
Debt instruments at amortised cost	2,603,480	6,527,709	4,422,361	5,632,366	29,951,525	29,360,754	-	78,498,195
Derivative financial instruments	3,433,028	2,418,074	1,141,962	1,878,051	4,655,170	2,118,610	-	15,644,895
Loans, advances and financing	67,376,274	19,174,257	10,463,841	20,780,930	84,272,592	227,382,143	-	429,450,037
Other assets	7,411,207	4,224,319	97,787	69,208	586,615	269,121	1,990,643	14,648,900
Tax recoverable	-	-	-	-	-	-	340,804	340,804
Deferred tax assets	-	-	-	-	-	-	1,934,311	1,934,311
Statutory deposits with central banks	-	-	-	-	-	-	11,511,391	11,511,391
Investment in associates	-	-	-	-	-	-	94,159	94,159
Investment in joint ventures	-	-	-	-	-	-	2,302,366	2,302,366
Property, plant and equipment	-	-	-	-	-	-	2,055,295	2,055,295
Right-of-use assets	-	-	-	-	-	-	658,562	658,562
Investment properties	-	-	-	-	-	-	2,758	2,758
Goodwill	-	-	-	-	-	-	6,475,948	6,475,948
Intangible assets	-	-	-	-	-	-	1,914,967	1,914,967
Non-current assets held for sale	-	-	-	-	-	-	5,584	5,584
Total assets	128,250,262	48,489,340	22,168,193	36,041,136	161,280,734	304,051,067	33,291,420	733,572,152

Notes to the Financial Statements
for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.1 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines (Continued):

The Group 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	291,817,577	63,328,302	55,653,026	47,487,058	4,640,695	515,434	–	463,442,092
Investment accounts of customers	3,940,608	4,461,952	5,022,693	5,037,556	521,316	–	–	18,984,125
Deposits and placements of banks and other financial institutions	19,231,257	16,151,006	1,487,758	1,184,435	1,533,752	695,011	–	40,283,219
Repurchase agreements/Collateralised Commodity Murabahah	22,894,587	23,704,176	2,787,803	–	–	–	–	49,386,566
Derivatives financial instruments	3,508,456	3,138,284	1,220,350	1,915,476	4,297,962	1,996,691	–	16,077,219
Bills and acceptances payable	723,906	193,653	84,124	5	634,905	117,341	–	1,753,934
Other liabilities	17,415,114	1,322,162	738,356	917,309	816,756	1,469,281	144	22,679,122
Lease liabilities	4,188	9,258	15,448	42,815	346,752	130,160	–	548,621
Recourse obligation on loans and financing sold to Cagamas	15,438	4,526	514,417	488,000	2,804,348	160,020	–	3,986,749
Deferred tax liabilities	–	–	–	–	–	–	52,500	52,500
Provision for taxation and zakat	356,203	–	–	–	–	–	–	356,203
Financial liabilities designated at fair value through profit or loss	49,750	48,286	325,811	829,626	7,792,812	3,382,953	–	12,429,238
Bonds, Sukuk and debentures	93,179	789,217	1,842,852	3,899,983	5,993,626	302,185	–	12,921,042
Other borrowings	229,792	810,667	359,579	1,215,145	7,081,881	1,520	–	9,698,584
Subordinated obligations	17,098	55,256	995,829	2,814,210	5,405,330	1,846,324	–	11,134,047
Total liabilities	360,297,153	114,016,745	71,048,046	65,831,618	41,870,135	10,616,920	52,644	663,733,261
Net liquidity gap	(232,046,891)	(65,527,405)	(48,879,853)	(29,790,482)	119,410,599	293,434,147	33,238,776	69,838,891

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.1 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines (Continued):

The Group 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	43,475,478	–	–	–	–	–	533,382	44,008,860
Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah	8,186,461	946,196	618,605	–	–	–	–	9,751,262
Deposits and placements with banks and other financial institutions	–	2,340,829	634,848	120,805	–	–	–	3,096,482
Financial investments at fair value through profit or loss	7,741,977	4,516,817	2,574,133	1,221,182	7,795,224	6,720,797	2,630,133	33,200,263
Debt instruments at fair value through other comprehensive income	669,803	1,850,245	1,566,788	2,352,808	26,908,006	25,028,011	–	58,375,661
Equity instruments at fair value through other comprehensive income	–	–	–	–	–	–	300,669	300,669
Debt instruments at amortised cost	1,917,762	3,164,737	4,142,362	3,273,807	29,547,402	22,487,354	–	64,533,424
Derivative financial instruments	2,954,254	3,386,380	1,216,714	1,832,886	5,996,883	2,685,041	–	18,072,158
Loans, advances and financing	94,364,041	17,360,448	8,605,777	17,010,207	57,414,159	199,802,548	–	394,557,180
Other assets	8,291,251	2,913,802	73,556	21,619	569,258	254,397	1,477,219	13,601,102
Tax recoverable	–	–	–	–	–	–	339,068	339,068
Deferred tax assets	–	–	–	–	–	–	1,910,929	1,910,929
Statutory deposits with central banks	–	–	–	–	–	–	10,905,070	10,905,070
Investment in associates	–	–	–	–	–	–	41,786	41,786
Investment in joint ventures	–	–	–	–	–	–	2,425,221	2,425,221
Property, plant and equipment	–	–	–	–	–	–	2,055,881	2,055,881
Right-of-use assets	–	–	–	–	–	–	600,402	600,402
Goodwill	–	–	–	–	–	–	6,382,440	6,382,440
Intangible assets	–	–	–	–	–	–	1,798,512	1,798,512
Non-current assets held for sale	–	–	–	–	–	–	764,855	764,855
Total assets	167,601,027	36,479,454	19,432,783	25,833,314	128,230,932	256,978,148	32,165,567	666,721,225

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.1 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines (Continued):

The Group 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	287,071,893	67,074,429	35,582,771	33,939,455	8,741,084	540,351	–	432,949,983
Investment accounts of customers	2,480,112	2,109,399	3,887,801	4,582,225	132,902	492,193	–	13,684,632
Deposits and placements of banks and other financial institutions	16,344,084	12,361,105	2,588,256	899,659	1,348,235	647,910	–	34,189,249
Repurchase agreements/Collateralised Commodity Murabahah	13,718,441	15,167,242	5,421,782	642,715	973,021	–	–	35,923,201
Derivatives financial instruments	3,433,623	3,559,997	1,412,682	1,615,346	5,379,543	2,059,342	–	17,460,533
Bills and acceptances payable	802,649	320,863	164,154	–	589,504	125,257	–	2,002,427
Other liabilities	18,595,229	1,210,242	1,025,282	1,526,612	749,044	1,369,957	684,272	25,160,638
Lease liabilities	24,613	11,106	15,585	34,128	268,658	146,048	–	500,138
Recourse obligation on loans and financing sold to Cagamas	–	647	2,431	–	487,569	160,020	–	650,667
Deferred tax liabilities	–	–	–	–	–	–	44,852	44,852
Provision for taxation and zakat	109,651	–	–	–	–	–	–	109,651
Financial liabilities designated at fair value through profit or loss	9,904	8,184	242,080	133,802	8,387,854	2,282,029	–	11,063,853
Bonds, Sukuk and debentures	85,380	55,570	114,751	51,695	9,610,813	–	–	9,918,209
Other borrowings	41,200	11,779	382,831	37,577	4,562,324	3,229,074	–	8,264,785
Subordinated obligations	23,177	760,609	33,065	2,009,199	6,405,032	1,783,433	–	11,014,515
Non-current liabilities held for sale	–	–	–	–	–	–	39	39
Total liabilities	342,739,956	102,651,172	50,873,471	45,472,413	47,635,583	12,835,614	729,163	602,937,372
Net liquidity gap	(175,138,929)	(66,171,718)	(31,440,688)	(19,639,099)	80,595,349	244,142,534	31,436,404	63,783,853

Notes to the Financial Statements

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.1 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines (Continued):

The Company 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	363,691	–	–	–	–	–	–	363,691
Debt instruments at fair value through other comprehensive income	–	–	5,776	–	948,364	190,657	–	1,144,797
Debt instruments at amortised cost	–	43,862	24,482	1,986,648	6,357,274	–	–	8,412,266
Other assets	–	–	–	–	–	–	83,564	83,564
Amount due from subsidiaries	–	–	–	–	–	–	–	–
Tax recoverable	184,068	–	–	–	–	–	–	184,068
Investment in subsidiaries	–	–	–	–	–	–	34,724,169	34,724,169
Property, plant and equipment	–	–	–	–	–	–	131	131
Right-of-use assets	–	–	–	–	–	–	430	430
Investment properties	–	–	–	–	–	–	309	309
Total assets	547,759	43,862	30,258	1,986,648	7,305,638	190,657	34,808,603	44,913,425
Liabilities								
Other liabilities	3,135	–	–	–	–	–	–	3,135
Amount due to subsidiaries	13,625	–	–	–	–	–	–	13,625
Deferred tax liabilities	–	–	–	–	–	–	2	2
Other borrowings	–	1,371	355,774	1,000,000	2,600,000	–	–	3,957,145
Subordinated obligations	–	43,862	1,030,975	2,000,000	7,350,000	200,000	–	10,624,837
Total liabilities	16,760	45,233	1,386,749	3,000,000	9,950,000	200,000	2	14,598,744
Net liquidity gap	530,999	(1,371)	(1,356,491)	(1,013,352)	(2,644,362)	(9,343)	34,808,601	30,314,681

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for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.1 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines (Continued):

The Company 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	474,259	–	–	–	–	–	–	474,259
Debt instruments at fair value through other comprehensive income	–	–	12,117	1,010,529	533,048	181,416	–	1,737,110
Debt instruments at amortised cost	–	742,658	17,410	–	7,053,333	–	–	7,813,401
Other assets	–	–	–	–	–	–	83,364	83,364
Amount due from subsidiaries	209	–	–	–	–	–	–	209
Tax recoverable	185,361	–	–	–	–	–	–	185,361
Investment in subsidiaries	–	–	–	–	–	–	34,666,619	34,666,619
Property, plant and equipment	–	–	–	–	–	–	266	266
Right-of-use assets	–	–	–	–	–	–	430	430
Investment properties	–	–	–	–	–	–	327	327
Total assets	659,829	742,658	29,527	1,010,529	7,586,381	181,416	34,751,006	44,961,346
Liabilities								
Other liabilities	12,762	–	–	–	–	–	–	12,762
Amount due to subsidiaries	531	–	–	–	–	–	–	531
Deferred tax liabilities	–	–	–	–	–	–	3	3
Other borrowings	–	1,341	355,629	–	3,600,000	–	–	3,956,970
Subordinated obligations	–	747,366	30,230	1,000,000	8,650,000	200,000	–	10,627,596
Total liabilities	13,293	748,707	385,859	1,000,000	12,250,000	200,000	3	14,597,862
Net liquidity gap	646,536	(6,049)	(356,332)	10,529	(4,663,619)	(18,584)	34,751,003	30,363,484

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for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES ON AN UNDISCOUNTED BASIS

NON-DERIVATIVE FINANCIAL LIABILITIES

The tables below present the cash flows payable by the Group and the Company under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

The Group 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	293,552,848	63,408,479	56,445,415	48,774,701	4,851,522	538,212	–	467,571,177
Investment accounts of customers	3,943,899	4,492,137	5,102,985	5,190,453	680,860	–	–	19,410,334
Deposits and placements of banks and other financial institutions	19,986,815	16,328,494	1,542,639	1,332,282	1,529,512	730,764	–	41,450,506
Repurchase agreements/ Collateralised Commodity Murabahah	22,945,196	23,696,290	2,786,762	–	–	–	–	49,428,248
Bills and acceptances payable	724,031	195,743	115,339	4,875	743,528	117,342	–	1,900,858
Financial liabilities designated at fair value through profit or loss	41,705	67,982	366,841	913,094	8,169,265	3,590,564	–	13,149,451
Other liabilities	16,207,093	1,415,658	755,401	1,391,395	945,814	1,931,191	4,642	22,651,194
Lease liabilities	4,179	34,961	39,565	93,386	379,625	42,756	–	594,472
Recourse obligation on loans and financing sold to Cagamas	18,486	16,950	547,662	560,818	3,218,329	209,011	–	4,571,256
Other borrowings	229,482	884,293	409,608	1,312,321	8,223,917	1,809	–	11,061,430
Bonds, Sukuk and debentures	104,648	810,128	1,978,532	4,123,338	6,481,639	328,010	–	13,826,295
Subordinated obligations	20,296	123,167	1,262,911	3,271,599	7,097,754	2,247,689	–	14,023,416
Financial guarantees	4,037,322	1,295,747	175,235	1,597,782	132,974	26,612	968,502	8,234,174
Credit related commitments and contingencies	83,500,712	4,169,127	4,653,081	6,982,119	9,899,627	31,797,082	202,158	141,203,906
	445,316,712	116,939,156	76,181,976	75,548,163	52,354,366	41,561,042	1,175,302	809,076,717

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES ON AN UNDISCOUNTED BASIS (CONTINUED)

NON-DERIVATIVE FINANCIAL LIABILITIES (CONTINUED)

The tables below present the cash flows payable by the Group and the Company under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued).

The Group 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	287,946,663	67,338,657	36,857,900	34,601,928	9,622,894	1,118,772	–	437,486,814
Investment accounts of customers	2,481,450	2,119,906	3,941,262	4,719,138	138,253	649,523	–	14,049,532
Deposits and placements of banks and other financial institutions	17,129,410	12,470,177	2,657,004	1,037,311	1,348,859	647,910	–	35,290,671
Repurchase agreements/ Collateralised Commodity Murabahah	13,740,116	15,164,301	5,423,965	642,715	973,021	–	–	35,944,118
Bills and acceptances payable	802,734	321,903	172,273	15,502	677,793	147,906	–	2,138,111
Financial liabilities designated at fair value through profit or loss	(24,992)	18,007	263,643	195,154	9,009,495	2,404,389	–	11,865,696
Other liabilities	17,220,791	1,223,442	1,036,517	1,534,621	781,223	1,889,379	682,194	24,368,167
Lease liabilities	4,684	31,011	32,970	64,669	334,704	83,046	–	551,084
Recourse obligation on loans and financing sold to Cagamas	–	1,669	11,878	15,178	586,097	213,122	–	827,944
Other borrowings	41,224	41,108	490,294	110,985	4,992,629	4,105,853	–	9,782,093
Bonds, Sukuk and debentures	91,803	149,101	198,106	256,023	9,935,949	–	–	10,630,982
Subordinated obligations	24,519	858,969	330,030	2,464,838	8,368,454	1,993,479	–	14,040,289
Financial guarantees	3,650,350	882,012	104,975	1,443,409	166,150	3,171	2,985,193	9,235,260
Credit related commitments and contingencies	71,677,473	1,964,949	2,312,416	11,824,186	7,896,405	32,250,346	664,306	128,590,081
	414,786,225	102,585,212	53,833,233	58,925,657	54,831,926	45,506,896	4,331,693	734,800,842

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES ON AN UNDISCOUNTED BASIS (CONTINUED)

NON-DERIVATIVE FINANCIAL LIABILITIES (CONTINUED)

The tables below present the cash flows payable by the Group and the Company under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued).

The Company 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Other liabilities	3,135	–	–	–	–	–	–	3,135
Amount due to subsidiaries	13,625	–	–	–	–	–	–	13,625
Other borrowings	–	31,875	398,662	1,072,721	2,734,815	–	–	4,238,073
Subordinated obligations	–	71,074	1,149,542	2,221,016	8,127,968	216,000	–	11,785,600
	16,760	102,949	1,548,204	3,293,737	10,862,783	216,000	–	16,040,433

The Company 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Other liabilities	12,762	–	–	–	–	–	–	12,762
Amount due to subsidiaries	531	–	–	–	–	–	–	531
Other borrowings	–	30,516	391,679	71,596	3,875,428	–	–	4,369,219
Subordinated obligations	–	779,387	146,482	1,210,219	9,467,017	223,956	–	11,827,061
	13,293	809,903	538,161	1,281,815	13,342,445	223,956	–	16,209,573

Notes to the Financial Statements

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES ON AN UNDISCOUNTED BASIS (CONTINUED)

DERIVATIVE FINANCIAL LIABILITIES

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

The table below analyses the Group's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis.

The Group 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
– Foreign exchange derivatives	(1,989,842)	–	–	–	–	–	–	(1,989,842)
– Interest rate derivatives	(3,634,864)	–	–	–	–	–	–	(3,634,864)
– Equity related derivatives	(254,268)	–	–	–	–	–	–	(254,268)
– Commodity related derivatives	(48,072)	–	–	–	–	–	–	(48,072)
– Credit related contracts	(16,375)	–	–	–	–	–	–	(16,375)
– Bond contract	(104,143)	–	–	–	–	–	–	(104,143)
Hedging derivatives								
– Interest rate derivatives	17,478	(24,363)	(28,941)	(55,906)	(248,154)	(93,650)	–	(433,536)
	(6,030,086)	(24,363)	(28,941)	(55,906)	(248,154)	(93,650)	–	(6,481,100)

The Group 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
– Foreign exchange derivatives	(1,525,474)	–	–	–	–	–	–	(1,525,474)
– Interest rate derivatives	(4,293,924)	–	–	–	–	–	–	(4,293,924)
– Equity related derivatives	(187,640)	–	–	–	–	–	–	(187,640)
– Commodity related derivatives	(28,362)	–	–	–	–	–	–	(28,362)
– Credit related contracts	(15,612)	–	–	–	–	–	–	(15,612)
– Bond contract	(30,676)	–	–	–	–	–	–	(30,676)
Hedging derivatives								
– Interest rate derivatives	219,863	(9,715)	(49,502)	(93,052)	(333,412)	(124,598)	–	(390,416)
	(5,861,825)	(9,715)	(49,502)	(93,052)	(333,412)	(124,598)	–	(6,472,104)

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES ON AN UNDISCOUNTED BASIS (CONTINUED)

DERIVATIVE FINANCIAL LIABILITIES (CONTINUED)

The Group's and the Company's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options and cross currency interest rate swaps.

The table below analyses the Group's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

The Group 2023	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
Foreign exchange derivatives	**(9,388,281)**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,388,281)**
Hedging derivatives								
Foreign exchange derivatives								
– Outflow	**(184,869)**	**(2,951,761)**	**(1,313,395)**	**(1,532,888)**	**(2,265,384)**	**(53,549)**	**–**	**(8,301,846)**
– Inflow	**170,798**	**2,872,535**	**1,268,249**	**1,432,265**	**2,087,326**	**53,682**	**–**	**7,884,855**
	(9,402,352)	**(79,226)**	**(45,146)**	**(100,623)**	**(178,058)**	**133**	**–**	**(9,805,272)**

The Group 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
Foreign exchange derivatives	(10,730,181)	–	–	–	–	–	–	(10,730,181)
Hedging derivatives								
Foreign exchange derivatives								
– Outflow	(170,446)	(1,849,532)	(989,165)	(276,875)	(2,519,645)	(49,333)	–	(5,854,996)
– Inflow	154,809	1,729,088	944,746	259,717	2,425,109	48,939	–	5,562,408
	(10,745,818)	(120,444)	(44,419)	(17,158)	(94,536)	(394)	–	(11,022,769)

Notes to the Financial Statements

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

57.4.1 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

The fair value hierarchy has the following levels:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Assets/liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

Assets/liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgement may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters.

Notes to the Financial Statements
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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.1 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

VALUATION MODEL REVIEW AND APPROVAL

- Fair valuation of financial instruments is determined either through Mark-to-Market or Mark-to-Model methodology, as appropriate;
- Market Risk Management is mandated to perform Mark-to-Market, Mark-to-Model and rate reasonableness verification. Market price and/or rate sources for Mark-to-Market are validated by Market Risk Management as part and parcel of market data reasonableness verification;
- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative analysts before submitting to the GMCRC for approval;
- Mark-to-Model process shall be carried out by Market Risk Management in accordance with the approved valuation methodologies. Group Risk Management Quantitative analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- Group Risk Management Quantitative analysts are the guardian of the financial models and valuation methodologies. Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative analysts and approved by Regional Head, Market Risk Management and/or the GMCRC;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

Notes to the Financial Statements
for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.1 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

	The Group				The Company			
	Fair Value				Fair Value			
2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements								
Financial assets								
Reverse repurchased agreements at fair value through profit or loss	–	147,290	–	147,290				
Financial investments at fair value through profit or loss								
– Money market instruments	–	31,952,912	308,890	32,261,802	–	–	–	–
– Quoted securities	1,881,131	–	–	1,881,131	–	–	–	–
– Unquoted securities	4,995,686	8,310,478	1,173,634	14,479,798	–	–	–	–
Debt instruments at fair value through other comprehensive income								
– Money market instruments	–	23,087,820	–	23,087,820	–	–	–	–
– Unquoted securities	10,978,981	37,350,497	–	48,329,478	–	1,144,797	–	1,144,797
Equity instruments at fair value through other comprehensive income								
– Quoted securities	29,990	–	–	29,990	–	–	–	–
– Unquoted securities	–	–	276,181	276,181	–	–	–	–
Derivative financial instruments								
– Trading derivatives	3,178	14,554,695	128,102	14,685,975	–	–	–	–
– Hedging derivatives	–	958,920	–	958,920	–	–	–	–
Loans, advances and financing at fair value through profit or loss	–	274,133	–	274,133	–	–	–	–
Total	17,888,966	116,636,745	1,886,807	136,412,518	–	1,144,797	–	1,144,797
Recurring fair value measurements								
Financial liabilities								
Derivative financial instruments								
– Trading derivatives	135,489	15,154,119	146,237	15,435,845	–	–	–	–
– Hedging derivatives	–	641,374	–	641,374	–	–	–	–
Financial liabilities designated at fair value through profit or loss	–	12,429,238	–	12,429,238	–	–	–	–
Total	135,489	28,224,731	146,237	28,506,457	–	–	–	–

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.1 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value hierarchy (Continued):

	The Group				The Company			
	Fair Value				Fair Value			
2022	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Recurring fair value measurements								
Financial assets								
Financial investments at fair value through profit or loss								
– Money market instruments	–	23,218,488	295,529	23,514,017	–	–	–	–
– Quoted securities	1,340,074	–	–	1,340,074	–	–	–	–
– Unquoted securities	2,416,997	4,732,245	1,196,930	8,346,172	–	–	–	–
Debt instruments at fair value through other comprehensive income								
– Money market instruments	–	19,921,905	–	19,921,905	–	–	–	–
– Unquoted securities	8,696,620	29,757,136	–	38,453,756	–	1,737,110	–	1,737,110
Equity instruments at fair value through other comprehensive income								
– Quoted securities	24,124	–	–	24,124	–	–	–	–
– Unquoted securities	–	–	276,545	276,545	–	–	–	–
Derivative financial instruments								
– Trading derivatives	11,558	16,726,330	115,732	16,853,620	–	–	–	–
– Hedging derivatives	–	1,218,538	–	1,218,538	–	–	–	–
Loans, advances and financing at fair value through profit or loss	–	107,552	–	107,552	–	–	–	–
Total	12,489,373	95,682,194	1,884,736	110,056,303	–	1,737,110	–	1,737,110
Recurring fair value measurements								
Financial liabilities								
Derivative financial instruments								
– Trading derivatives	42,227	16,649,411	120,231	16,811,869	–	–	–	–
– Hedging derivatives	–	648,664	–	648,664	–	–	–	–
Financial liabilities designated at fair value through profit or loss	–	11,063,853	–	11,063,853	–	–	–	–
Total	42,227	28,361,928	120,231	28,524,386	–	–	–	–

Notes to the Financial Statements
for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.1 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2023 and 31 December 2022 for the Group:

	Financial Assets				Financial Liabilities	
	Financial investments at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	
The Group	Money market instruments and unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	Total RM'000
2023						
At 1 January	1,492,459	276,545	115,732	1,884,736	(120,231)	(120,231)
Total (losses)/gains recognised in statement of income	24,146	-	7,600	31,746	6,792	6,792
Total losses recognised in other comprehensive income	-	(9,389)	-	(9,389)	-	-
Purchases	2,866	424	11,084	14,374	(390,282)	(390,282)
Sales and redemption	(56,258)	(374)	-	(56,632)	-	-
Settlements	-	-	(9,656)	(9,656)	360,703	360,703
Exchange fluctuation	19,311	8,975	3,342	31,628	(3,219)	(3,219)
At 31 December	1,482,524	276,181	128,102	1,886,807	(146,237)	(146,237)
Total gains recognised in Statement of Income for financial year ended 31 December under:						
– net non-interest income	24,146	-	7,600	31,746	6,792	6,792
Total losses recognised in Other Comprehensive Income for financial year ended 31 December under "revaluation reserves"	-	(9,389)	-	(9,389)	-	-
Change in unrealised (losses)/gains recognised in profit or loss relating to assets held on 31 December under "net non-interest income"	10,173	-	226,121	236,294	(95,442)	(95,442)

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.1 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2023 and 31 December 2022 for the Group (Continued):

	Financial Assets					Financial Liabilities	
	Financial investments at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	
The Group	**Money market instruments and unquoted securities RM'000**	**Unquoted securities RM'000**	**Unquoted securities RM'000**	**Trading derivatives RM'000**	**Total RM'000**	**Trading derivatives RM'000**	**Total RM'000**
2022							
At 1 January	1,577,323	–	285,593	234,395	2,097,311	(39,759)	(39,759)
Total gains recognised in statement of income	(64,470)	–	–	(120,127)	(184,597)	3,010	3,010
Total losses recognised in other comprehensive income	–	–	(8,762)	–	(8,762)	–	–
Purchases	1,754	–	–	6,889	8,643	(214,475)	(214,475)
Sales and redemption	(52,991)	–	(105)	–	(53,096)	–	–
Settlements	–	–	–	(7,909)	(7,909)	133,316	133,316
Exchange fluctuation	30,843	–	(181)	2,484	33,146	(2,323)	(2,323)
At 31 December	1,492,459	–	276,545	115,732	1,884,736	(120,231)	(120,231)
Total gains recognised in Statement of Income for financial year ended 31 December under: – net non-interest income	(64,470)	–	–	(120,127)	(184,597)	3,010	3,010
Total losses recognised in Other Comprehensive Income for financial year ended 31 December under "revaluation reserves"	–	–	(8,762)	–	(8,762)	–	–
Change in unrealised gains/(losses) recognised in profit or loss relating to assets held on 31 December under "net non-interest income"	(69,580)	–	–	447,419	377,839	(92,638)	(92,638)

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The following table analyses within the fair value hierarchy the Group's and the Company's assets and liabilities' fair value at 31 December 2023 and 31 December 2022, where the fair value does not approximate to carrying amount in the statement of financial position:

	The Group					The Company				
		Fair Value					Fair Value			
2023	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial assets										
Deposits and placement with banks and other financial institutions	3,207,618	-	3,200,770	-	3,200,770	-	-	-	-	-
Debt instruments at amortised cost	78,498,195	5,614,199	73,211,707	-	78,825,906	8,412,266	-	8,445,668	-	8,445,668
Loans, advances and financing at amortised cost	429,175,904	-	424,217,115	-	424,217,115	-	-	-	-	-
Total	510,881,717	5,614,199	500,629,592	-	506,243,791	8,412,266	-	8,445,668	-	8,445,668
Financial liabilities										
Deposits from customers	463,442,092	-	461,684,419	-	461,684,419	-	-	-	-	-
Investment accounts of customers	18,984,125	-	19,030,370	-	19,030,370	-	-	-	-	-
Deposits and placements of banks and other financial institutions	40,283,219	-	40,221,951	-	40,221,951	-	-	-	-	-
Recourse obligation on loans and financing sold to Cagamas	3,986,749	-	4,050,013	-	4,050,013	-	-	-	-	-
Bonds, Sukuk and debentures	12,921,042	-	12,861,511	-	12,861,511	-	-	-	-	-
Other borrowings	9,698,584	-	9,834,502	-	9,834,502	3,957,145	-	3,989,018	-	3,989,018
Subordinated obligations	11,134,047	-	11,217,233	-	11,217,233	10,624,837	-	10,651,527	-	10,651,527
Total	560,449,858	-	558,899,999	-	558,899,999	14,581,982	-	14,640,545	-	14,640,545

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST (CONTINUED)

The following table analyses within the fair value hierarchy the Group's and the Company's assets and liabilities' fair value at 31 December 2023 and 31 December 2022, where the fair value does not approximate to carrying amount in the statement of financial position (Continued):

	The Group					The Company				
		Fair Value					Fair Value			
2022	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets										
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah at amortised cost	9,751,262	–	9,751,262	–	9,751,262	–	–	–	–	–
Deposits and placement with banks and other financial institutions	3,096,482	–	3,092,143	–	3,092,143	–	–	–	–	–
Debt instruments at amortised cost	64,533,424	6,019,009	57,763,798	–	63,782,807	7,813,401	–	7,709,954	–	7,709,954
Loans, advances and financing at amortised cost	394,449,628	–	390,810,991	–	390,810,991	–	–	–	–	–
Total	471,830,796	6,019,009	461,418,194	–	467,437,203	7,813,401	–	7,709,954	–	7,709,954
Financial liabilities										
Deposits from customers	432,949,983	–	430,093,466	–	430,093,466	–	–	–	–	–
Investment accounts of customers	13,684,632	–	13,737,357	–	13,737,357	–	–	–	–	–
Deposits and placements of banks and other financial institutions	34,189,249	–	34,084,394	–	34,084,394	–	–	–	–	–
Repurchase agreements/Collateralised Commodity Murabahah	35,923,201	–	35,900,123	–	35,900,123	–	–	–	–	–
Recourse obligation on loans and financing sold to Cagamas	650,667	–	670,727	–	670,727	–	–	–	–	–
Bonds, Sukuk and debentures	9,918,209	–	9,767,224	–	9,767,224	–	–	–	–	–
Other borrowings	8,264,785	–	8,730,219	–	8,730,219	3,956,970	–	4,303,938	–	4,303,938
Subordinated obligations	11,014,515	–	10,882,707	–	10,882,707	10,627,596	–	10,506,650	–	10,506,650
Total	546,595,241	–	543,866,217	–	543,866,217	14,584,566	–	14,810,588	–	14,810,588

Notes to the Financial Statements

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST (CONTINUED)

The fair values are based on the following methodologies and assumptions:

Short-term funds and placements with financial institutions and reverse repurchase agreements/ reverse Collateralised Commodity Murabahah

For short-term funds, placements with financial institutions and reverse repurchase agreements/reverse Collateralised Commodity Murabahah with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Debt instruments at amortised cost

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Company establish fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Other assets

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of expected credit losses, being the expected recoverable amount.

Amount due (to)/from subsidiaries and related companies

The estimated fair values of the amount due (to)/from subsidiaries and related companies approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Investment accounts of customers

The estimated fair values of investment accounts of customers with maturities of less than six months approximate the carrying values. For placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for placements with similar remaining period to maturities.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST (CONTINUED)

Obligations on securities sold under repurchase agreements/Collateralised Commodity Murabahah

The estimated fair values of obligations on securities sold under repurchase agreements/Collateralised Commodity Murabahah with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements/Collateralised Commodity Murabahah with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

Other liabilities

The fair value of other liabilities approximates the carrying value at the statement of financial position date.

Recourse obligation on loans and financing sold to Cagamas

The estimated fair values of loans and financing sold to Cagamas with maturities of less than six months approximate the carrying values. For loans and financing sold to Cagamas with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for loans and financing sold to Cagamas with similar risk profile.

Bonds, Sukuk and debentures and other borrowings

The estimated fair values of bonds, Sukuk and debentures and other borrowings with maturities of less than six months approximate the carrying values. For bonds, Sukuk and debentures and other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

Subordinated obligations

The fair values for the quoted subordinated obligations are obtained from quoted market prices while the fair values for unquoted subordinated obligations are estimated based on discounted cash flow models.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.3 QUANTITATIVE INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Certain credit derivatives products where valuation inputs are unobservable are valued using analytic/semi-analytic pricing models that model credit default with other market variables such as foreign exchange ("FX") rates in a mathematically and theoretically consistent framework. These valuation models are the usual market standard used in credit derivatives pricing.

Credit derivatives inputs deemed to trigger Level 3 classification:

- Correlation between Credit and FX

Actual transactions, where available, are used to regularly recalibrate such unobservable parameters.

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for performing sensitivity analysis to determine such reserves:

- Credit and FX correlation (reserve on a Level 3 input) –
  1. Short Quanto CDS position shocked with larger negative correlation
  2. Long Quanto CDS position shocked with larger positive correlation
- FX Volatility (reserve on valuation model) –
  1. Long volatility shocked with lower volatility
  2. Short volatility shocked with higher volatility

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations.

These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions.

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.3 QUANTITATIVE INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) (CONTINUED)

The Group 2023 Description	Fair value Assets RM'000	Fair value (Liabilities) RM'000	Valuation technique(s)	Unobservable input	Range (Weighted average)	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments						
- Trading derivatives						
Credit derivatives	**991**	**(1,159)**	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit Default/FX Correlation	-45.00% to +30.00%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
Equity derivatives	**127,111**	**(145,078)**	Option pricing	Equity Volatility	4.36% to 84.62%	Higher volatility results in higher/lower fair value depending on the net long/short positions.
Financial investments at fair value through profit or loss						
Promissory notes	**308,890**	**Not applicable**	Weighted probability valuation based on market comparables and discounted cash flow	Estimated revenue of underlying asset, discount factor and probability assigned to each scenario	Not applicable	Higher estimated revenue and lower discount factor would results in higher valuation. Probability assigned would result in higher/lower fair value depending on the amount of cash flows generated for each scenario.
Unquoted shares and private equity funds	**1,173,634**	**Not applicable**	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Equity instruments at fair value through other comprehensive income						
Unquoted shares and private equity funds	**276,181**	**Not applicable**	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.

Notes to the Financial Statements

for the financial year ended 31 December 2023

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.3 QUANTITATIVE INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) (CONTINUED)

The Group 2022 Description	Fair value Assets RM'000	Fair value (Liabilities) RM'000	Valuation technique(s)	Unobservable input	Range (Weighted average)	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments						
- Trading derivatives						
Credit derivatives	3,571	(209)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit Default/FX Correlation	-45.00% to +20.00%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
Equity derivatives	112,161	(120,022)	Option pricing	Equity Volatility	7.75% to 76.87%	Higher volatility results in higher/lower fair value depending on the net long/short positions.
Financial investments at fair value through profit or loss						
Promissory notes	295,529	Not applicable	Weighted probability valuation based on market comparables and discounted cash flow	Estimated revenue of underlying asset, discount factor and probability assigned to each scenario	Not applicable	Higher estimated revenue and lower discount factor would results in higher valuation. Probability assigned would result in higher/lower fair value depending on the amount of cash flows generated for each scenario.
Unquoted shares and private equity funds	1,196,930	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Equity instruments at fair value through other comprehensive income						
Unquoted shares and private equity funds	276,545	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)
57.4 FAIR VALUE ESTIMATION (CONTINUED)
57.4.3 QUANTITATIVE INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) (CONTINUED)

Sensitivity analysis for level 3

The Group 2023	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to: Profit or loss Favourable changes RM'000	 Unfavourable changes RM'000
Derivative financial instruments – trading			
– Credit derivatives	+10%	29	–
	–10%	–	(39)
– Equity derivatives	+25%	12,099	–
	–25%	–	(15,437)
Financial investments at fair value through profit or loss			
– Promissory notes	+10%*	19,218	–
	–10%*	–	(19,218)
Total		31,346	(34,694)

The Group 2022	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to: Profit or loss Favourable changes RM'000	 Unfavourable changes RM'000
Derivative financial instruments – trading			
– Credit derivatives	+10%	16	–
	–10%	–	(18)
– Equity derivatives	+25%	9,522	–
	–25%	–	(12,280)
Financial investments at fair value through profit or loss			
– Promissory notes	+10%*	18,490	–
	–10%*	–	(18,490)
Total		28,028	(30,788)

* *10% stress is applied to the estimated revenue of underlying assets*

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Assets			
Cash and short-term funds	(a)	**12,376,477**	18,777,000
Reverse Collateralised Commodity Murabahah		**700,067**	503,206
Deposits and placements with banks and other financial institutions	(b)	**974,677**	197,875
Financial investments at fair value through profit or loss	(c)	**3,754,474**	2,075,001
Debt instruments at fair value through other comprehensive income	(d)	**6,134,814**	5,917,142
Debt instruments at amortised cost	(e)	**15,018,475**	10,395,507
Islamic derivative financial instruments	(f)(i)	**419,424**	532,332
Financing, advances and other financing/loans	(g)	**140,915,517**	123,903,093
Other assets	(h)	**3,512,696**	4,701,865
Deferred tax assets	(i)	**284,222**	190,837
Tax recoverable		**86,760**	6,170
Amount due from conventional operations		**19,039,612**	13,615,714
Statutory deposits with central banks	(j)	**2,370,741**	2,338,788
Property, plant and equipment	(k)	**4,184**	4,400
Right-of-use assets	(l)	**2,031**	2,788
Goodwill	(m)	**136,000**	136,000
Intangible assets	(n)	**6,721**	3,965
Total assets		**205,736,892**	183,301,683
Liabilities			
Deposits from customers	(o)	**128,552,736**	118,028,859
Investment accounts of customers	(p)	**18,984,125**	13,684,632
Deposits and placements of banks and other financial institutions	(q)	**9,934,080**	11,689,317
Investment accounts due to designated financial institutions	(r)	**3,424,851**	3,576,590
Collateralised Commodity Murabahah		**2,229,121**	2,191,011
Financial liabilities designated at fair value through profit or loss	(s)	**2,821,784**	2,857,004
Islamic derivative financial instruments	(f)(i)	**482,305**	777,653
Bills and acceptances payable		**8,174**	39,069
Other liabilities	(t)	**17,124,357**	14,451,682
Lease liabilities	(u)	**1,241**	2,261
Recourse obligation on loans and financing sold to Cagamas		**2,822,998**	-
Amount due to conventional operations		**2,164,153**	1,703,718
Provision for taxation		**20**	30
Sukuk	(v)	**1,254,903**	312,978
Subordinated Sukuk	(w)	**1,109,424**	1,109,342
Total liabilities		**190,914,272**	170,424,146

* *The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions*

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONTINUED)

	Note	2023 RM'000	2022 RM'000
Equity			
Islamic banking funds		**55,000**	55,696
Ordinary share capital	(x)	**1,000,000**	1,000,000
Perpetual preference shares	(x)	**350,000**	350,000
Reserves	(y)	**13,206,671**	11,313,906
		14,611,671	12,719,602
Non-controlling interests		**210,949**	157,935
Total equity		**14,822,620**	12,877,537
Total equity and liabilities		**205,736,892**	183,301,683
Restricted Agency Investment Account(*)	(z)	**15,482,815**	14,280,429
Total Islamic Banking Assets		**221,219,707**	197,582,112
Commitments and contingencies	(f)(ii)	**74,380,099**	63,566,410

* *The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions*

STATEMENT OF INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Income derived from investment of depositors' funds and others	(aa)	**6,804,361**	5,217,522
Income derived from investment of investment account	(ab)	**1,103,220**	738,920
Net income derived from investment of shareholders' funds	(ac)	**1,264,860**	796,945
Modification loss	(ad)	**(77)**	(2,845)
Expected credit loss on financing, advances and other financing/loans	(ae)	**(617,609)**	(538,185)
Expected credit losses written back/(made) for commitments and contingencies		**(41,172)**	48,668
Other expected credit losses made	(af)	**(3,041)**	(14,085)
Total distributable income		**8,510,542**	6,246,940
Income attributable to depositors and others	(ag)	**(4,408,810)**	(2,531,197)
Profit distributed to investment account holder	(ah)	**(753,427)**	(379,556)
Total net income		**3,348,305**	3,336,187
Personnel expenses	(ai)	**(83,437)**	(79,670)
Other overheads and expenditures	(aj)	**(1,273,742)**	(1,183,521)
Profit before taxation and zakat		**1,991,126**	2,072,996
Taxation and zakat	(ak)	**(319,601)**	(504,499)
Profit for the financial year		**1,671,525**	1,568,497
Profit attributable to:			
Owners of the Parent		**1,627,467**	1,532,838
Non-controlling interests		**44,058**	35,659
		1,671,525	1,568,497

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM'000	2022 RM'000
Profit for the financial year	**1,671,525**	1,568,497
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss		
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	**(589)**	115
	(589)	115
Items that may be reclassified subsequently to profit or loss		
Debt instruments at fair value through other comprehensive income	**103,006**	(96,662)
– Net gain/(loss) from change in fair value	**142,324**	(106,151)
– Realised gain transferred to statement of income on disposal	**(9,811)**	(7,735)
– Changes in expected credit losses	**545**	(2,090)
– Income tax effects	**(30,052)**	19,314
Hedging reserve – cash flow hedge	**4,128**	326
– Net gain from change in fair value	**4,128**	326
Exchange fluctuation reserve	**170,369**	(61,726)
	277,503	(158,062)
Other comprehensive income/(expense) for the financial year, net of tax	**276,914**	(157,947)
Total comprehensive income for the financial year	**1,948,439**	1,410,550
Total comprehensive income attributable to:		
Owners of the Parent	**1,895,425**	1,381,294
Non-controlling interests	**53,014**	29,256
	1,948,439	1,410,550
Income from Islamic Banking operations:		
Total net income	**3,348,305**	3,336,187
Add: Expected credit losses on financing, advances and other financing/loans	**617,609**	538,185
Add: Expected credit losses made/(written back) for commitments and contingencies	**41,172**	(48,668)
Add: Other expected credit losses made	**3,041**	14,085
	4,010,127	3,839,789
Elimination for transaction with conventional operations	**250,209**	160,060
	4,260,336	3,999,849

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital RM'000	Perpetual preference shares RM'000	Islamic Banking funds RM'000	Debt instruments at fair value through other comprehensive income RM'000	Exchange fluctuation reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment RM'000	Capital contribution by Holding company RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
2023														
At 1 January 2023	1,000,000	350,000	55,696	(165,590)	(37,851)	326	184,715	111	22	2,514	11,329,659	12,719,602	157,935	12,877,537
Net profit for the financial year	-	-	-	-	-	-	-	-	-	-	1,627,467	1,627,467	44,058	1,671,525
Other comprehensive income/(expense) (net of tax)	-	-	-	103,006	161,413	4,128	-	(589)	-	-	-	267,958	8,956	276,914
- debt instruments at fair value through other comprehensive income	-	-	-	103,006	-	-	-	-	-	-	-	103,006	-	103,006
- fair value changes on financial liabilities designated at fair value attributable to own credit risk reserve	-	-	-	-	-	-	-	(589)	-	-	-	(589)	-	(589)
- cash flow hedge	-	-	-	-	-	4,128	-	-	-	-	-	4,128	-	4,128
- currency translation difference	-	-	-	-	161,413	-	-	-	-	-	-	161,413	8,956	170,369
Total comprehensive income/(expense) for the financial year	-	-	-	103,006	161,413	4,128	-	(589)	-	-	1,627,467	1,895,425	53,014	1,948,439
Interim dividend paid in respect of the financial year ended 31 December 2022	-	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	(15,000)
Share-based payment expense	-	-	-	-	-	-	-	-	7	1,698	-	1,705	-	1,705
Shares released under Equity Ownership plan	-	-	-	-	-	-	-	-	(29)	-	-	(29)	-	(29)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	(22)	1,698	(15,000)	(13,324)	-	(13,324)
Transfer to regulatory reserve	-	-	-	-	-	-	25,918	-	-	-	(25,918)	-	-	-
Capital contribution from Brunei branch closure	-	-	9,968	-	-	-	-		-	-	-	9,968	-	9,968
Closure of Brunei branch	-	-	(10,664)	-	-	-	-	-	-	-	10,664	-	-	-
At 31 December 2023	1,000,000	350,000	55,000	(62,584)	123,562	4,454	210,633	(478)	-	4,212	12,926,872	14,611,671	210,949	14,822,620

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Share capital RM'000	Perpetual preference shares RM'000	Islamic Banking funds RM'000	Debt instruments at fair value through other comprehensive income RM'000	Exchange fluctuation reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment RM'000	Capital contribution by Holding company RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
2022														
At 1 January 2022	1,000,000	420,000	55,696	(68,928)	17,472	-	-	(4)	588	944	9,996,536	11,422,304	128,679	11,550,983
Net profit for the financial year	-	-	-	-	-	-	-	-	-	-	1,532,838	1,532,838	35,659	1,568,497
Other comprehensive (expense)/income (net of tax)	-	-	-	(96,662)	(55,323)	326	-	115	-	-	-	(151,544)	(6,403)	(157,947)
- debt instruments at fair value through other comprehensive income	-	-	-	(96,662)	-	-	-	-	-	-	-	(96,662)	-	(96,662)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk reserve	-	-	-	-	-	-	-	115	-	-	-	115	-	115
- cash flow hedge	-	-	-	-	-	326	-	-	-	-	-	326	-	326
- currency translation difference	-	-	-	-	(55,323)	-	-	-	-	-	-	(55,323)	(6,403)	(61,726)
Total comprehensive (expense)/income for the financial year	-	-	-	(96,662)	(55,323)	326	-	115	-	-	1,532,838	1,381,294	29,256	1,410,550
Interim dividend paid in respect of the financial year ended 31 December 2021	-	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	(15,000)
Share-based payment expense	-	-	-	-	-	-	-	-	199	1,570	-	1,769	-	1,769
Shares released under Equity Ownership plan	-	-	-	-	-	-	-	-	(765)	-	-	(765)	-	(765)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	(566)	1,570	(15,000)	(13,996)	-	(13,996)
Transfer to regulatory reserve	-	-	-	-	-	-	184,715	-	-	-	(184,715)	-	-	-
Redemption of perpetual preference shares	-	(70,000)	-	-	-	-	-	-	-	-	-	(70,000)	-	(70,000)
At 31 December 2022	1,000,000	350,000	55,696	(165,590)	(37,851)	326	184,715	111	22	2,514	11,329,659	12,719,602	157,935	12,877,537

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM'000	2022 RM'000
Operating activities		
Profit before taxation and zakat	**1,991,126**	2,072,996
Adjustments for:		
Depreciation of property, plant and equipment	**1,597**	1,380
Depreciation of right-of-use assets	**1,341**	1,437
Amortisation of intangible assets	**2,123**	21,288
Net unrealised (loss)/gain on derivatives	**(189,157)**	285,527
Accretion of discount less amortisation of premium	**(69,300)**	(19,025)
Net gain from sale of debt instruments at fair value through other comprehensive income	**(9,811)**	(7,735)
Profit income from debt instruments at amortised cost	**(561,943)**	(402,865)
Profit income on debt instruments at fair value through other comprehensive income	**(260,184)**	(251,274)
Closure of Brunei branch	**9,968**	–
Profit expense on Subordinated Sukuk	**44,700**	45,315
Profit expense on Sukuk	**3,556**	–
Profit expense on recourse obligation on loans and financing sold to Cagamas	**27,236**	–
Share-based payment expense	**1,705**	1,769
Unrealised loss/(gain) from financial liabilities designated at fair value through profit or loss	**146,829**	(182,574)
Unrealised (gain)/loss from financial investments at fair value through profit or loss	**(6,914)**	739
Net loss from foreign exchange transactions	**216,521**	53,149
Expected credit losses made/(written back) for commitments and contingencies	**41,172**	(48,668)
Net gain from hedging activities	**2,813**	(699)
Other expected credit losses made	**3,041**	14,085
Expected credit losses on financing, advances and other financing/loans	**714,359**	633,676
Modification loss	**77**	2,845
	119,729	148,370
	2,110,855	2,221,366
(Increase)/decrease in operating assets		
Reverse Collateralised Commodity Murabahah	**(196,861)**	(503,206)
Financial investments at fair value through profit or loss	**(1,573,475)**	3,234,626
Islamic derivative financial instruments	**7,212**	(67,940)
Financing, advances and other financing/loans	**(17,712,078)**	(20,765,415)
Statutory deposits with central banks	**(31,953)**	(1,423,032)
Other assets	**1,109,088**	(2,001,678)
Amount due from conventional operations	**(5,423,898)**	(4,661,901)
Right-of-use assets	**(307)**	(420)
	(23,822,272)	(26,188,966)
Increase/(decrease) in operating liabilities		
Deposits from customers	**10,523,877**	5,595,007
Deposits and placements of banks and other financial institutions	**(1,755,237)**	7,244,763
Other liabilities	**2,508,929**	6,207,484
Lease liabilities	**(410)**	(1,618)
Financial liabilities designated at fair value through profit or loss	**(182,049)**	2,239,892
Bills and acceptance payable	**(30,895)**	12,672
Collateralised Commodity Murabahah	**38,110**	1,862,190
Amount due to conventional operations	**460,435**	(321,026)
Investment accounts of customers	**5,147,754**	2,914,302
	16,710,514	25,753,666
Cash flows generated from operations	**(5,000,903)**	1,786,066
Taxation and zakat paid	**(516,125)**	(551,735)
Net cash flows generated from operating activities	**(5,517,028)**	1,234,331

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	2023 RM'000	2022 RM'000
Investing activities			
Purchase of property, plant and equipment		**(1,871)**	(2,519)
Purchase of intangible assets		**(4,728)**	(2,869)
Profit income from debt instruments at fair value through other comprehensive income		**198,684**	205,397
Profit income from debt instruments at amortised cost		**650,244**	369,292
Net purchase of debt instruments at amortised cost		**(4,713,941)**	(245,549)
Net (purchase)/proceeds of debt instruments at fair value through other comprehensive income		**(21,979)**	1,068,777
Reclassified to intangible assets		**14**	82
Proceeds from disposal of property, plant and equipment		**681**	365
Proceeds from disposal of intangible assets		**(14)**	232
Net cash flows generated from/(used in) investing activities		**(3,892,910)**	1,393,208
Financing activities			
Proceeds from issuance of subordinated Sukuk (i)		**–**	300,000
Repayment of subordinated Sukuk (i)		**–**	(300,000)
Profit expense paid on subordinated Sukuk (i)		**(44,618)**	(44,018)
Profit expense paid on Sukuk (i)		**(20,688)**	(39,359)
Profit expense paid on recourse obligation on loans and financing sold to Cagamas (i)		**(8,998)**	–
Dividends paid		**(15,000)**	(15,000)
Issuance of Sukuk (i)		**1,000,000**	–
Redemption of Sukuk (i)		**(85,528)**	(263,894)
Repayment of lease liabilities (i)		**(610)**	(519)
Repayment of recourse obligation on loans and financing sold to Cagamas (i)		**2,787,999**	–
Issuance of preference shares		**–**	(70,000)
Net cash flows used in financing activities		**3,612,557**	(432,790)
Net (decrease)/increase in cash and cash equivalents		**(5,797,381)**	2,194,749
Cash and cash equivalents at beginning of financial year		**18,974,875**	16,840,059
Effect of exchange rate changes		**173,660**	(59,933)
Cash and cash equivalents at end of financial year		**13,351,154**	18,974,875
Cash and cash equivalents comprise:			
Cash and short-term funds	(a)	**12,376,477**	18,777,000
Deposits and placements with banks and other financial institutions	(b)	**974,677**	197,875
		13,351,154	18,974,875

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(i) An analysis of changes in liabilities arising from financing activities is as follows:

	Sukuk RM'000	Recourse obligation on loans and financing sold to Cagamas RM'000	Subordinated Sukuk RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2023	**312,978**	**–**	**1,109,342**	**2,261**	**1,424,581**
Proceeds from issuance	**1,000,000**	**–**	**–**	**–**	**1,000,000**
Repayment and redemption	**(85,528)**	**2,787,999**	**–**	**(610)**	**2,701,861**
Profit expense paid	**(20,688)**	**(8,998)**	**(44,618)**	**–**	**(74,304)**
Exchange fluctuation	**17,835**	**–**	**–**	**–**	**17,835**
Other non cash movement	**30,306**	**43,997**	**44,700**	**(410)**	**118,593**
At 31 December 2023	**1,254,903**	**2,822,998**	**1,109,424**	**1,241**	**5,188,566**
At 1 January 2022	600,044	–	1,108,045	4,398	1,712,487
Proceeds from issuance	–	–	300,000	–	300,000
Repayment and redemption	(263,894)	–	(300,000)	(519)	(564,413)
Profit expense paid	(39,359)	–	(44,018)	–	(83,377)
Exchange fluctuation	(21,258)	–	–	–	(21,258)
Other non cash movement	37,445	–	45,315	(1,618)	81,142
At 31 December 2022	312,978	–	1,109,342	2,261	1,424,581

(a) CASH AND SHORT-TERM FUNDS

	2023 RM'000	2022 RM'000
Cash and balances with banks and other financial institutions	**2,119,470**	2,155,794
Money at call and deposit placements maturing within one month	**10,257,007**	16,621,206
	12,376,477	18,777,000
Less: Expected credit loss	**–**	–
	12,376,477	18,777,000

(b) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2023 RM'000	2022 RM'000
Licensed banks	**974,701**	198,150
	974,701	198,150
Less: Expected credit loss	**(24)**	(275)
	974,677	197,875

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(b) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Expected credit losses movement for money at call and deposits and placements with banks and other financial institutions:

	12-month expected credit losses (Stage 1) RM'000	Total RM'000
At 1 January 2023	**275**	**275**
Total charge to Statement of Income:	**(263)**	**(263)**
New financial assets purchased	**47**	**47**
Financial assets that have been derecognised	**(48)**	**(48)**
Change in credit risk	**(262)**	**(262)**
Exchange fluctuation	**12**	**12**
At 31 December 2023	**24**	**24**
At 1 January 2022	–	–
Total charge to Statement of Income:	269	269
New financial assets purchased	80	80
Financial assets that have been derecognised	(79)	(79)
Change in credit risk	268	268
Exchange fluctuation	6	6
At 31 December 2022	275	275

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(c) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RM'000	2022 RM'000
Money market instruments:		
Unquoted		
Malaysian Government treasury bills	**637,980**	445,009
Bank Negara Malaysia monetary notes	**152,491**	–
Cagamas bonds	**328,536**	405,119
Islamic negotiable instruments of deposit	**1,389,445**	99,789
Government Investment Issues	**542,492**	709,296
Islamic Commercial Paper	**528,475**	–
	3,579,419	1,659,213
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	**175,055**	383,013
Outside Malaysia:		
Private equity and unit trusts funds	**–**	32,775
	175,055	415,788
	3,754,474	2,075,001

(d) DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 RM'000	2022 RM'000
Fair value		
Money market instruments:		
Unquoted		
Islamic Cagamas bonds	**50,695**	35,238
Government Investment Issues	**1,870,878**	1,689,309
	1,921,573	1,724,547
Unquoted securities:		
In Malaysia:		
Corporate Sukuk	**3,706,854**	3,550,135
Outside Malaysia:		
Bank Indonesia Certificate	**9,221**	–
Other Government bonds	**497,166**	642,460
	506,387	642,460
	4,213,241	4,192,595
	6,134,814	5,917,142

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(d) DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Expected credit losses movement for debt instruments at fair value through other comprehensive income:

The carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. The loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Total RM'000
At 1 January 2023	**1,056**	**–**	**1,056**
Total charge to Statement of Income:	**545**	**–**	**545**
New financial assets purchased	**5,460**	**–**	**5,460**
Financial assets that have been derecognised	**(274)**	**–**	**(274)**
Change in credit risk	**(4,641)**	**–**	**(4,641)**
Exchange fluctuation	**2**	**–**	**2**
At 31 December 2023	**1,603**	**–**	**1,603**
At 1 January 2022	3,145	–	3,145
Total charge to Statement of Income:	(2,090)	–	(2,090)
New financial assets purchased	1,380	–	1,380
Financial assets that have been derecognised	(71)		(71)
Change in credit risk	(3,399)	–	(3,399)
Exchange fluctuation	1	–	1
At 31 December 2022	1,056	–	1,056

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for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) DEBT INSTRUMENTS AT AMORTISED COST

	2023 RM'000	2022 RM'000
Money market instruments:		
Unquoted		
Islamic Cagamas bonds	**35,201**	30,113
Other Government securities	**13,474**	12,652
Government Investment Issue	**6,161,751**	3,508,796
Khazanah bonds	**–**	89,047
	6,210,426	3,640,608
Unquoted securities		
In Malaysia		
Corporate Sukuk*	**7,803,553**	5,736,332
Outside Malaysia		
Corporate Sukuk	**27,900**	28,892
Others Government bonds	**995,150**	1,008,527
	8,826,603	6,773,751
Total	**15,037,029**	10,414,359
Amortisation of premium, net of accretion of discount	**(17,991)**	(18,332)
Less: Expected credit losses	**(563)**	(520)
	15,018,475	10,395,507

* Includes sukuk issued by a wholly owned subsidiary of Malaysia Government. It was previously presented as Malaysian Government Sukuk.

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58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

	12-month expected credit losses (Stage 1) RM'000	Total RM'000
At 1 January 2023	**520**	**520**
Total charge to Statement of Income:	**36**	**36**
New financial assets purchased	**2,438**	**2,438**
Financial assets that have been derecognised	**(27)**	**(27)**
Change in credit risk	**(2,375)**	**(2,375)**
Exchange fluctuation	**7**	**7**
At 31 December 2023	**563**	**563**

	12-month expected credit losses (Stage 1) RM'000	Total RM'000
At 1 January 2022	788	788
Total charge to Statement of Income:	(271)	(271)
New financial assets purchased	2,127	2,127
Change in credit risk	(2,398)	(2,398)
Exchange fluctuation	3	3
At 31 December 2022	520	520

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Gross carrying amount movement for debt instruments at amortised cost:

	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**501,772**	**501,772**
Other movements	**71,956**	**71,956**
Exchange fluctuation	**20,950**	**20,950**
At 31 December 2023	**594,678**	**594,678**

Gross carrying amount movement for debt instruments at amortised cost:

	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2022	462,399	462,399
Other movements	15,233	15,233
Exchange fluctuation	24,140	24,140
At 31 December 2022	501,772	501,772

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(f) ISLAMIC DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

(I) ISLAMIC DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarise the contractual or underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the date of statements of financial position and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Islamic derivative financial instruments" Assets and Liabilities respectively.

	31 December 2023		
	Principal RM'000	**Asset RM'000**	**Liability RM'000**
Trading derivatives			
Foreign exchange derivatives			
Currency forwards	**12,766,159**	**128,632**	**(184,842)**
– Less than 1 year	**12,392,202**	**77,686**	**(140,681)**
– 1 year to 3 years	**95,919**	**14,935**	**(12,638)**
– More than 3 years	**278,038**	**36,011**	**(31,523)**
Currency swaps	**16,553,386**	**174,148**	**(145,942)**
– Less than 1 year	**16,553,386**	**174,148**	**(145,942)**
Currency spots	**117,214**	**291**	**(343)**
– Less than 1 year	**117,214**	**291**	**(343)**
Currency options	**280,105**	**2,561**	**(2,614)**
– Less than 1 year	**232,379**	**1,731**	**(1,784)**
– 1 year to 3 years	**47,726**	**830**	**(830)**
Cross currency profit rate swaps	**964,055**	**39,344**	**(37,018)**
– Less than 1 year	**237,125**	**2,372**	**(2,327)**
– 1 year to 3 years	**507,690**	**30,378**	**(29,931)**
– More than 3 years	**219,240**	**6,594**	**(4,760)**
Profit rate derivatives			
Islamic profit rate swaps	**7,896,745**	**26,666**	**(103,580)**
– Less than 1 year	**463,377**	**191**	**(501)**
– 1 year to 3 years	**3,040,513**	**6,825**	**(38,996)**
– More than 3 years	**4,392,855**	**19,650**	**(64,083)**
Equity related derivatives			
Equity options	**27,130**	**510**	**(510)**
– Less than 1 year	**1,873**	**60**	**(60)**
– 1 year to 3 years	**25,257**	**450**	**(450)**
Commodity related derivatives			
Commodity swap	**732**	**15**	**(10)**
– Less than 1 year	**732**	**15**	**(10)**
Commodity options	**17,035**	**22**	**(22)**
– Less than 1 year	**17,035**	**22**	**(22)**
Credit related contracts			
Total return swaps	**39,800**	**610**	**(610)**
– 1 year to 3 years	**39,800**	**610**	**(610)**
Hedging derivatives			
Islamic profit rate swaps	**3,861,373**	**46,625**	**(6,814)**
– Less than 1 year	**55,000**	**592**	**–**
– 1 year to 3 years	**1,011,373**	**12,022**	**(509)**
– More than 3 years	**2,795,000**	**34,011**	**(6,305)**
Total derivative assets/(liabilities)	**42,523,734**	**419,424**	**(482,305)**

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(f) ISLAMIC DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(I) ISLAMIC DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2022		
	Principal RM'000	Asset RM'000	Liability RM'000
Trading derivatives			
Foreign exchange derivatives			
Currency forwards	11,373,784	239,201	(291,700)
– Less than 1 year	10,967,680	196,361	(255,410)
– 1 year to 3 years	41,783	5,028	(4,287)
– More than 3 years	364,321	37,812	(32,003)
Currency swaps	15,656,728	196,664	(202,954)
– Less than 1 year	15,656,728	196,664	(202,954)
Currency spots	25,087	77	(79)
– Less than 1 year	25,087	77	(79)
Currency options	52,555	1,650	(1,650)
– Less than 1 year	52,555	1,650	(1,650)
Cross currency profit rate swaps	822,617	36,624	(32,636)
– Less than 1 year	81,925	2,196	(2,168)
– 1 year to 3 years	255,780	18,733	(18,569)
– More than 3 years	484,912	15,695	(11,899)
Profit rate derivatives			
Islamic profit rate swaps	5,604,176	28,905	(246,542)
– Less than 1 year	1,378,419	7,102	(6,977)
– 1 year to 3 years	881,700	257	(22,895)
– More than 3 years	3,344,057	21,546	(216,670)
Equity related derivatives			
Equity options	12,029	130	(124)
– Less than 1 year	12,029	130	(124)
Commodity related derivatives			
Commodity options	4,259	8	(8)
– Less than 1 year	4,259	8	(8)
Credit related contracts			
Total return swaps	40,400	477	(477)
– More than 3 years	40,400	477	(477)
Hedging derivatives			
Islamic profit rate swaps	882,286	28,596	(1,483)
– 1 year to 3 years	107,286	3,112	–
– More than 3 years	775,000	25,484	(1,483)
Total derivative assets/(liabilities)	34,473,921	532,332	(777,653)

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(f) ISLAMIC DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(II) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group enters into various commitments and incur certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group, except for certain financial assets at fair value through profit or loss being pledged as credit support assets for certain over-the-counter derivative contracts.

Treasury related derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Islamic Derivative Financial Instruments" Assets and Liabilities respectively. Refer Note 58(f)(i).

The notional or principal amount of the commitments and contingencies constitute the following:

	2023 Principal RM'000	**2022 Principal RM'000**
Credit related		
Direct credit substitutes	**518,387**	348,105
Certain transaction-related contingent items	**1,052,177**	972,966
Short-term self-liquidating trade-related contingencies	**144,821**	140,107
Irrevocable commitments to extend credit:		
– Maturity not exceeding one year	**17,029,337**	15,291,877
– Maturity exceeding one year	**13,063,693**	12,279,327
Miscellaneous commitments and contingencies:		
– Shariah-compliant equity option	**47,950**	60,107
Total credit-related commitments and contingencies	**31,856,365**	29,092,489
Total treasury-related commitments and contingencies (Note 58(f)(I))	**42,523,734**	34,473,921
Total commitments and contingencies	**74,380,099**	63,566,410

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(I) BY TYPE AND SHARIAH CONTRACT

	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others		
2023	Murabahah RM'000	Bai' Bithaman Ajil RM'000	Bai' al-'Inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah Muntahiah Bi al-Tamlik* RM'000	Al-Ijarah Thumma al-Bai'# RM'000	Mudharabah RM'000	Musharakah RM'000	Qard RM'000	Ujrah RM'000	Kafalah RM'000	Total RM'000
At amortised cost													
Cash line^	-	100	157	-	1,600,559	-	-	-	-	11,639	-	-	1,612,455
Term financing													
House financing	157,378	3,646,653	-	-	43,691,549	995,640	-	-	6,997,899	-	-	-	55,489,119
Syndicated financing	-	-	-	-	2,050,549	-	-	-	-	-	-	-	2,050,549
Hire purchase receivables	707,033	-	-	-	-	-	17,998,019	-	-	-	-	-	18,705,052
Other term financing	291,087	757,895	1,058,383	-	43,777,685	32,560	-	72,864	6,609,549	178,692	-	-	52,778,715
Lease receivable	-	-	-	-	-	349,843	-	-	-	-	-	-	349,843
Bills receivable	1,069,061	-	-	231,498	-	-	-	-	-	-	-	-	1,300,559
Islamic trust receipts	21,065	-	-	-	-	-	-	-	-	15,080	-	-	36,145
Claims on customers under acceptance credits	1,101,828	-	-	124,175	-	-	-	-	-	-	-	8,174	1,234,177
Staff financing	-	-	-	-	310,822	-	-	-	30,092	-	-	-	340,914
Revolving credits	-	-	-	-	7,503,537	-	-	-	783,689	-	-	-	8,287,226
Credit card receivables	-	-	-	-	-	-	-	-	-	500,454	302,377	-	802,831
Gross financing, advances and other financing/loans	3,347,452	4,404,648	1,058,540	355,673	98,934,701	1,378,043	17,998,019	72,864	14,421,229	705,865	302,377	8,174	142,987,585
Fair value changes arising from fair value hedge													(934)
													142,986,651
Less: Expected credit losses													(2,345,267)
Net financing, advances and other financing/loans, at amortised cost													140,641,384
At fair value through profit or loss													
Term financing													
– Syndicated financing	-	-	-	-	274,133	-	-	-	-	-	-		274,133
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	274,133	-	-	-	-	-	-	-	274,133
Net financing, advances and other financing/loans													140,915,517

^ Includes current account in excess

* The beneficial owner of the asset belongs to the subsidiaries of CIMB Group. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

\# CIMB Islamic is the owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(I) BY TYPE AND SHARIAH CONTRACT (CONTINUED)

	Sale-based contracts						Lease-based contracts		Profit sharing contracts		Loan contract	Others		
2022	**Murabahah RM'000**	**Bai' Bithaman Ajil RM'000**	**Bai' al-'Inah RM'000**	**Bai' al-Dayn RM'000**	**Tawarruq RM'000**	**Bai' Salam RM'000**	**Ijarah Muntahiah Bi al-Tamlik* RM'000**	**Al-Ijarah Thumma al-Bai'# RM'000**	**Mudharabah RM'000**	**Musharakah RM'000**	**Qard RM'000**	**Ujrah RM'000**	**Kafalah RM'000**	**Total RM'000**
At amortised cost														
Cash line^	–	165	659	–	1,364,944	–	–	–	–	–	12,917	–	–	1,378,685
Term financing														
House financing	172,793	4,043,521	–	–	34,524,609	–	1,072,578	–	–	5,500,082	–	–	–	45,313,583
Syndicated financing	–	–	–	–	2,241,328	–	–	–	423	–	–	–	–	2,241,751
Hire purchase receivables	615,257	–	–	–	–	–	–	15,267,838	–	–	–	–	–	15,883,095
Other term financing	199,549	882,650	1,342,309	–	41,220,216	602,649	36,010	–	71,916	6,053,277	67,186	–	–	50,475,762
Lease receivable	–	–	–	–	–	–	217,495	–	–	–	–	–	–	217,495
Bills receivable	771,892	–	–	362,735	–	–	–	–	–	–	–	–	–	1,134,627
Islamic trust receipts	21,616	–	–	–	–	–	–	–	–	–	20,502	–	–	42,118
Claims on customers under acceptance credits	855,198	–	–	142,288	–	–	–	–	–	–	–	–	39,069	1,036,555
Staff financing	–	–	–	–	268,330	–	–	–	–	27,561	–	–	–	295,891
Revolving credits	–	–	–	–	7,107,893	–	–	–	–	205,509	–	–	–	7,313,402
Credit card receivables	–	–	–	–	–	–	–	–	–	–	366,582	190,087	–	556,669
Gross financing, advances and other financing/loans	2,636,305	4,926,336	1,342,968	505,023	86,727,320	602,649	1,326,083	15,267,838	72,339	11,786,429	467,187	190,087	39,069	125,889,633
Fair value changes arising from fair value hedge														(1,832)
														125,887,801
Less: Expected credit losses														(1,984,708)
Net financing, advances and other financing/loans														123,903,093

^ *Includes current account in excess*

* *The beneficial owner of the asset belongs to the subsidiaries of CIMB Group. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.*

\# *CIMB Islamic is the owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.*

Notes to the Financial Statements
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58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(I) BY TYPE AND SHARIAH CONTRACT (CONTINUED)

	2023 RM'000	2022 RM'000
Gross financing, advances and other financing/loans		
– At amortised cost	**142,987,585**	125,889,633
– At fair value through profit or loss	**274,133**	–
	143,261,718	125,889,633

Sale-based contracts

– Murabahah

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

– Bai' al-'Inah

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

– Tawarruq vis-à-vis Commodity Murabahah

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

– Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or installment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

– Bai' al-Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

Lease-based contracts

– Ijarah

A lease contract that transfers the ownership of a usufruct of an asset to another party for a specified period in exchange for a rental. Ijarah contract may end with the transfer of the legal title of the leased asset to the lessee is called Ijarah Muntahia bi al-Tamlik (IMBT). Effective transfer of the legal title is a consequent to the conclusion of the lease arrangement that can be in the form of a sale or a gift of the asset to the lessee. Al-Ijarah Thumma al-Bai (AITAB) is a form of Ijarah Muntahia bi al-Tamlik where the sale of asset to the lessee is executed at the completion of the lease period. Income is recognised on effective profit rate basis over the lease term.

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(I) BY TYPE AND SHARIAH CONTRACT (CONTINUED)

Profit sharing contracts

– Musharakah

Agreement of cooperation between two or more parties to a particular business, where each parties contribute funds. Profits are shared based on agreement, while loss is based on the portion of the contribution of funds in the form of cash or non-cash assets permitted by Shariah. Profits are recognised in the period the entitlement is based on Laporan Hasil Usaha in accordance with the agreed nisbah. Gain on Musharakah financing that has become the bank's rights and have not been paid by the customer is recognised as a profit sharing receivable.

Loan contract

– Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from financing shall be generated from the transactions.

Rahnu

Rahnu is a contract between a pledgor (rahin) and a pledeee (murtahin) whereby an asset is pledged as collateral (marhun) to the pledgee to provide assurance that the liability or obligation against the pledgee will be fulfilled.

Ujrah

Arrangement that involves payment of a service fee in exchange for the services rendered to customers.

Kafalah

Guarantee contract given by the guarantor (kafil) to a third party (makful lahu) to fulfil the obligations of the second party or those guaranteed (makful 'anhu, ashil).

(a) During the financial year, the Group has undertaken fair value hedges on the profit rate risk of RM36,682,000 (2022: RM52,610,000) financing using Islamic profit rate swaps.

(b) Included in financing, advances and other financing/loans are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between CIMB Islamic Bank and CIMB Bank Berhad. CIMB Bank Berhad is exposed to risks and rewards on RPSIA financing and will account for all the expected credit losses arising thereon.

As at 31 December 2023, the gross exposure and expected credit losses relating to RPSIA financing are RM3,425,929,000 (2022: RM3,577,694,000) and RM415,000 (2022: RM748,000) respectively, which are recognised in the Financial Statements of CIMB Bank Berhad.

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58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(I) BY TYPE AND SHARIAH CONTRACT (CONTINUED)

(c) Movement of Qard financing

	2023 RM'000	2022 RM'000
At 1 January	**467,187**	346,469
New disbursement	**441,627**	295,412
Repayment	**(227,881)**	(156,123)
Exchange fluctuation	**24,932**	(18,571)
At 31 December	**705,865**	467,187
Sources and uses of Qard Financing		
Sources of Qard fund:		
Depositors fund	**705,051**	466,307
Shareholders fund	**814**	880
	705,865	467,187
Uses of Qard fund:		
Personal use	**699,636**	455,018
Business use	**6,229**	12,169
	705,865	467,187

(II) BY TYPE OF CUSTOMERS

	2023 RM'000	2022 RM'000
Domestic non-bank financial institutions	**2,697,204**	2,793,836
Domestic business enterprises		
– Small medium enterprises	**20,101,501**	16,532,445
– Others	**12,549,490**	11,161,025
Government and statutory bodies	**1,778,885**	1,795,874
Individuals	**85,221,625**	75,995,936
Other domestic entities	**16,889,378**	14,793,139
Foreign entities	**4,023,635**	2,817,378
	143,261,718	125,889,633

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(III) BY PROFIT SENSITIVITY

	2023 RM'000	2022 RM'000
Fixed rate		
– House financing	**7,727,055**	6,125,065
– Hire purchase receivables	**16,257,042**	13,815,419
– Other fixed rate financing	**12,796,557**	12,441,791
Variable rate		
– House financing	**47,762,063**	39,188,518
– Others	**58,719,001**	54,318,840
	143,261,718	125,889,633

(IV) BY ECONOMIC PURPOSES

	2023 RM'000	2022 RM'000
Personal use	**3,927,201**	3,308,788
Credit card	**802,831**	556,670
Purchase of consumer durables	**7,437**	8,677
Construction	**2,647,098**	2,487,963
Residential property	**56,309,028**	46,085,289
Non-residential property	**14,641,569**	11,424,553
Purchase of fixed assets other than land and building	**5,493,323**	4,394,594
Purchase of securities	**11,972,504**	15,156,435
Purchase of transport vehicles	**19,122,736**	16,342,166
Working capital	**25,367,893**	22,932,548
Other purpose	**2,970,098**	3,191,950
	143,261,718	125,889,633

(V) BY GEOGRAPHICAL DISTRIBUTION

	2023 RM'000	2022 RM'000
Malaysia	**123,168,208**	109,096,313
Indonesia	**16,606,913**	14,038,964
Singapore	**3,166,887**	2,297,658
Hong Kong	**627**	4,346
China	**141,017**	338,615
Other countries	**178,066**	113,737
	143,261,718	125,889,633

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(VI) BY RESIDUAL CONTRACTUAL MATURITY

	2023 RM'000	2022 RM'000
Within one year	**15,415,479**	13,387,110
One year to less than three years	**5,161,649**	3,056,213
Three years to less than five years	**9,696,599**	9,007,876
Five years and more	**112,987,991**	100,438,434
	143,261,718	125,889,633

(VII) BY ECONOMIC SECTOR

	2023 RM'000	2022 RM'000
Primary agriculture	**4,791,221**	4,759,011
Mining and quarrying	**873,365**	916,512
Manufacturing	**6,156,618**	5,522,387
Electricity, gas and water supply	**2,642,841**	1,507,678
Construction	**4,783,814**	3,672,041
Transport, storage and communications	**4,524,702**	4,958,507
Education, health and others	**2,796,437**	2,759,560
Wholesale and retail trade, and restaurants and hotels	**9,638,126**	7,031,551
Finance, insurance/takaful, real estate and business activities	**12,825,639**	11,431,534
Household	**85,683,096**	76,477,473
Others	**8,545,859**	6,853,379
	143,261,718	125,889,633

(VIII) CREDIT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING/LOANS BY ECONOMIC PURPOSES

	2023 RM'000	2022 RM'000
Personal use	**67,645**	68,878
Credit cards	**18,497**	13,000
Purchase of consumer durables	**110**	264
Residential property	**1,285,397**	999,516
Non-residential property	**183,026**	165,763
Purchase of fixed assets other than land and building	**36,074**	60,097
Construction	**170,768**	367
Purchase of securities	**1,374**	9,149
Purchase of transport vehicles	**177,288**	165,038
Working capital	**161,229**	139,157
Other purpose	**87,882**	81,245
	2,189,290	1,702,474

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(IX) CREDIT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING/LOANS BY GEOGRAPHICAL DISTRIBUTIONS

	2023 RM'000	2022 RM'000
Malaysia	**1,775,876**	1,411,589
Indonesia	**388,032**	273,893
Singapore	**25,382**	16,992
	2,189,290	1,702,474

(X) CREDIT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING/LOANS BY ECONOMIC SECTOR

	2023 RM'000	2022 RM'000
Primary agriculture	**12,629**	25,706
Mining and quarrying	**1**	2,251
Manufacturing	**23,256**	15,253
Electricity, gas and water supply	**1**	–
Construction	**230,644**	29,701
Transport, storage and communications	**9,405**	9,608
Education, health and others	**19,881**	62,074
Wholesale and retail trade, and restaurants and hotels	**204,614**	169,268
Finance, insurance/takaful, real estate and business activities	**78,413**	74,233
Household	**1,460,277**	1,144,620
Others	**150,169**	169,760
	2,189,290	1,702,474

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(XI) MOVEMENTS IN THE EXPECTED CREDIT LOSSES FOR FINANCING, ADVANCES AND OTHER FINANCING/LOANS ARE AS FOLLOWS:

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
Financing, advances and other financing/ loans at amortised cost				
At 1 January 2023	**213,062**	**1,191,322**	**580,324**	**1,984,708**
Changes in expected credit losses due to transfer within stages:	**676,533**	**(670,652)**	**(5,881)**	**–**
Transferred to Stage 1	**845,730**	**(815,441)**	**(30,289)**	**–**
Transferred to Stage 2	**(161,878)**	**593,700**	**(431,822)**	**–**
Transferred to Stage 3	**(7,319)**	**(448,911)**	**456,230**	**–**
Total charge to Statement of Income:	**(1,602)**	**99,336**	**613,167**	**710,901**
New financial assets originated	**106,943**	**8,243**	**25,894**	**141,080**
Financial assets that have been derecognised	**(55,093)**	**(39,106)**	**–**	**(94,199)**
Writeback in respect of full recoveries	**–**	**–**	**(61,731)**	**(61,731)**
Change in credit risk	**(53,452)**	**130,199**	**649,004**	**725,751**
Write-offs	**–**	**–**	**(376,908)**	**(376,908)**
Disposal of financing, advances and other financing	**–**	**–**	**(8,014)**	**(8,014)**
Exchange fluctuation	**(26,330)**	**17,001**	**6,439**	**(2,890)**
Other movements	**(22)**	**(122)**	**37,614**	**37,470**
At 31 December 2023	**861,641**	**636,885**	**846,741**	**2,345,267**
Financing, advances and other financing/ loans at amortised cost				
At 1 January 2022	295,183	940,324	338,132	1,573,639
Changes in expected credit losses due to transfer within stages:	169,175	(244,693)	75,518	–
Transferred to Stage 1	268,763	(246,360)	(22,403)	–
Transferred to Stage 2	(97,506)	261,529	(164,023)	–
Transferred to Stage 3	(2,082)	(259,862)	261,944	–
Total charge to Statement of Income:	(251,981)	508,538	375,016	631,573
New financial assets originated	98,696	4,359	21,743	124,798
Financial assets that have been derecognised	(37,984)	(37,922)	–	(75,906)
Writeback in respect of full recoveries	–	–	(42,435)	(42,435)
Change in credit risk	(312,693)	542,101	395,708	625,116
Write-offs	–	(1)	(232,246)	(232,247)
Exchange fluctuation	1,713	(12,480)	(6,977)	(17,744)
Transfer from related companies	(1,043)	(140)	(2,860)	(4,043)
Other movements	15	(226)	33,741	33,530
At 31 December 2022	213,062	1,191,322	580,324	1,984,708

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(XII) MOVEMENTS IN CREDIT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING/LOANS

Gross carrying amount movement for financing, advances and other financing/loans at amortised cost classified as credit impaired:

	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**1,702,474**	**1,702,474**
Transfer within stages	**908,971**	**908,971**
New financial assets originated	**43,526**	**43,526**
Write-offs	**(376,908)**	**(376,908)**
Amount fully recovered	**(152,517)**	**(152,517)**
Other changes in financing, advances and other financing/loans	**54,983**	**54,983**
Disposal of financing, advances and other financing	**(8,014)**	**(8,014)**
Exchange fluctuation	**16,775**	**16,775**
At 31 December 2023	**2,189,290**	**2,189,290**

	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2022	907,397	907,397
Transfer within stages	1,179,170	1,179,170
New financial assets originated	30,187	30,187
Write-offs	(232,246)	(232,246)
Amount fully recovered	(168,110)	(168,110)
Other changes in financing, advances and other financing/loans	(8,767)	(8,767)
Exchange fluctuation	(5,157)	(5,157)
At 31 December 2022	1,702,474	1,702,474

	2023	2022
Ratio of credit impaired financing to total financing, advances and other financing/loans	**1.53%**	1.35%

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)
(h) OTHER ASSETS

	2023 RM'000	2022 RM'000
Deposits and prepayments	**2,439,078**	3,734,721
Sundry debtors net of expected credit losses*	**964,868**	815,848
Treasury related receivables	**77,890**	97,987
Collateral pledged for derivative transactions	**25,250**	33,183
Clearing accounts	**5,610**	20,126
	3,512,696	4,701,865

* *Sundry debtors net of expected credit losses of the Group of RM18,553,000 (2022: RM15,921,000).*

(a) Movements of expected credit losses on sundry debtors are as follows:

(i) Under simplified approach

	2023 RM'000	2022 RM'000
At 1 January	**111**	271
Expected credit losses made/(written back) during the financial year	**(5)**	302
Write off	**–**	(462)
At 31 December	**106**	111

(ii) Under general approach

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	**14,083**	**1,727**	**15,810**
Total charge to Income Statement:	**3,830**	**(1,193)**	**2,637**
Change in credit risk	**3,830**	**(1,193)**	**2,637**
At 31 December 2023	**17,913**	**534**	**18,447**
At 1 January 2022	–	–	–
Total charge to Income Statement:	14,083	1,727	15,810
Change in credit risk	14,083	1,727	15,810
At 31 December 2022	14,083	1,727	15,810

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(h) OTHER ASSETS (CONTINUED)

(a) Movements of expected credit losses on sundry debtors are as follows (continued):

(iii) Gross carrying amount movement of other assets classified as credit impaired under general approach:

	Lifetime expected credit losses – credit impaired (Stage 3)	
	2023 RM'000	**2022 RM'000**
At 1 January	**1,727**	–
Other changes	**(1,193)**	1,727
At 31 December	**534**	1,727

Impact of movements in gross carrying amount on expected credit losses:

2023

Stage 1 ECL increased by RM4 million and Stage 3 ECL decreased by RM1 million for the Group due to change in credit risk.

2022

Stage 1 and Stage 3 ECL increased by RM14 million and RM2 million respectively for the Group due to changes in credit risk.

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(i) DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	2023 RM'000	2022 RM'000
Deferred tax assets	**284,222**	190,837
Deferred tax liabilities	**–**	–
	284,222	190,837

Further breakdown are as follows:

Deferred tax assets	2023 RM'000	2022 RM'000
Expected credit losses	**251,040**	124,819
Property, plant and equipment	**(3)**	(59)
Fair value reserve – Debt instruments at fair value through other comprehensive income	**17,757**	47,809
Other temporarily differences	**–**	6
Lease liability	**189**	288
Provision for expenses	**15,643**	18,328
	284,626	191,191
Offsetting	**(404)**	(354)
	284,222	190,837
Deferred tax liabilities		
Intangible assets	**(268)**	(114)
Rights-of-use assets	**(136)**	(240)
	(404)	(354)
Offsetting	**404**	354
	–	–

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(i) DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year comprise the following:

Deferred tax assets/(liabilities)	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Fair value reserve – Debt instruments at fair value through other comprehensive income RM'000	Other temporary differences RM'000	Right-of-use assets RM'000	Intangible assets RM'000	Lease liability RM'000	Provision for expenses RM'000	Total RM'000
2023										
At 1 January		**124,819**	**(59)**	**47,809**	**6**	**(240)**	**(114)**	**288**	**18,328**	**190,837**
Credited/(charged) to statement of income	(ak)	**102,964**	**56**	**-**	**(4,691)**	**104**	**(146)**	**(99)**	**(321)**	**97,867**
Over/(under) provision in prior year		**23,257**	**-**	**-**	**4,685**	**-**	**(8)**	**-**	**(2,364)**	**25,570**
Transferred to equity		**-**	**-**	**(30,052)**	**-**	**-**		**-**	**-**	**(30,052)**
At 31 December 2023		**251,040**	**(3)**	**17,757**	**-**	**(136)**	**(268)**	**189**	**15,643**	**284,222**
2022										
At 1 January		123,601	(137)	28,495	191	(386)	(369)	427	14,498	166,320
Credited/(charged) to statement of income	(ak)	1,218	65	–	(185)	146	253	(139)	3,856	5,214
Over/(under) provision in prior year		–	13	–	–	–	2	–	(26)	(11)
Transferred to equity		–	–	19,314	–	–		–	–	19,314
At 31 December 2022		124,819	(59)	47,809	6	(240)	(114)	288	18,328	190,837

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(j) STATUTORY DEPOSITS WITH CENTRAL BANKS

The non-interest bearing statutory deposits are maintained by certain subsidiaries with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities. The non-interest bearing statutory deposits of a foreign subsidiary and foreign branches of the banking subsidiary are maintained with respective central banks in compliance with the applicable legislation.

On 15 May 2020, BNM has issued Statutory Reserve Requirement ("SRR") guideline and with effect from 16 May 2020, banking institutions are allowed to recognise Malaysian Government Sukuk and Malaysian Government Issue to fully meet the SRR requirement of 2%. This flexibility is available until 31 December 2022.

(k) PROPERTY, PLANT AND EQUIPMENT

	Note	Renovations, work-in-progress, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computer equipment and hardware RM'000	Total RM'000
2023					
Cost					
At 1 January		11,262	508	23,739	35,509
Additions		922	–	949	1,871
Disposals		(337)	–	(555)	(892)
Reclassified to intangible assets	(n)	–	–	(14)	(14)
Exchange fluctuation		429	–	186	615
At 31 December		12,276	508	24,305	37,089
Accumulated depreciation					
At 1 January		8,985	508	21,616	31,109
Charge for the financial year		1,039	–	558	1,597
Disposals		(92)	–	(119)	(211)
Exchange fluctuation		307	–	103	410
At 31 December		10,239	508	22,158	32,905
Net book value at 31 December		2,037	–	2,147	4,184

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(k) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Renovations, work-in-progress, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computer equipment and hardware RM'000	Total RM'000
2022					
Cost					
At 1 January		10,914	508	22,803	34,225
Additions		984	–	1,535	2,519
Disposals		(391)	–	(435)	(826)
Reclassified to intangible assets	(n)	–	–	(82)	(82)
Exchange fluctuation		(245)	–	(82)	(327)
At 31 December		11,262	508	23,739	35,509
Accumulated depreciation					
At 1 January		8,411	478	21,571	30,460
Charge for the financial year		1,009	30	341	1,380
Disposals		(234)	–	(227)	(461)
Exchange fluctuation		(201)	–	(69)	(270)
At 31 December		8,985	508	21,616	31,109
Net book value at 31 December		2,277	–	2,123	4,400

No work-in-progress for the Group in 2023 and 2022.

(l) RIGHT-OF-USE ASSETS

Carrying amount of Right-of-use assets by class of underlying assets are as follows:

	2023 RM'000	2022 RM'000
Buildings	**2,031**	2,788

There are additions to the Right-of-use assets during the financial year of RM307,000 (2022: RM420,000). Depreciation charge during the financial year for Right-of-use assets are RM1,341,000 (2022: RM1,437,000).

At 31 December 2023, the variable lease payment expense and low-value leases expense that are not included in lease liabilities are RM1,148,000 (2022: RM817,000) and RMNil (2022: RMNil) respectively.

(m) GOODWILL

	2023 RM'000	2022 RM'000
At 1 January/31 December	**136,000**	136,000

Goodwill is wholly allocated to the consumer banking cash-generating unit ("CGU"). This CGUs do not carry any intangible assets with indefinite useful life.

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(m) GOODWILL (CONTINUED)

Impairment test for goodwill

Value-in-use

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2024 financial budgets approved by the Board of Directors, projected for four years (2024 to 2027) based on the average historical Gross Domestic Product ("GDP") growth of the country covering a four years period, revised for current economic conditions. Cash flows beyond the four years period are extrapolated using an estimated growth rate of 4.16% (2022: 3.83%). The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments. The discount rate used in determining the recoverable amount of all the CGU is 10.36% (2022: 11.29%). The discount rate is pre-tax and reflects the specific risks relating to the CGU.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Impairment charge

There was no impairment charge for the financial year ended 31 December 2023 and 31 December 2022.

(n) INTANGIBLE ASSETS

	Note	2023 RM'000	2022 RM'000
Computer software			
Cost			
At 1 January		**150,535**	148,128
Additions		**4,728**	2,869
Disposals		**(3,251)**	(314)
Reclassified from property, plant and equipment	(k)	**14**	82
Exchange fluctuation		**585**	(230)
At 31 December		**152,611**	150,535
Accumulated amortisation			
At 1 January		**146,570**	125,467
Charge for the financial year		**2,123**	21,288
Disposal		**(3,251)**	–
Exchange fluctuation		**448**	(185)
At 31 December		**145,890**	146,570
Net book value at 31 December		**6,721**	3,965

The remaining amortisation period of the intangible assets is between 3 months and 4.4 years.

The above intangible assets include computer software under construction at cost of the Group of RM1,322,713 (2022: RM1,138,677).

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(o) DEPOSITS FROM CUSTOMERS

(I) BY TYPE OF DEPOSITS

	2023 RM'000	2022 RM'000
Savings deposit		
Wadiah	**959,880**	817,990
Mudharabah	**3,482,509**	2,531,044
Commodity Murabahah (via Tawarruq arrangement)*	**9,794,398**	7,802,926
	14,236,787	11,151,960
Demand deposit		
Wadiah	**1,671,567**	1,488,856
Qard	**19,649,152**	15,020,156
Mudharabah	**1,714,422**	1,155,818
Hybrid (Qard and Mudharabah)		
Commodity Murabahah (via Tawarruq arrangement)*	**4,467,245**	4,644,456
	27,502,386	22,309,286
Term deposit	**81,025,716**	78,922,360
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	**50,768,984**	47,017,544
Fixed Return Income Account-i (via Tawarruq arrangement)*	**29,761,063**	31,309,442
Negotiable Islamic Debt Certificate (NIDC)		
Hybrid (Bai' Bithamin Ajil (BBA) and Bai' al-Dayn)	**495,669**	595,374
Fixed Deposit-i	**5,575,806**	5,439,716
Wadiah	**–**	148
Mudharabah	**5,575,806**	5,439,568
Specific investment account	**25,160**	100,638
Mudharabah	**25,160**	100,638
Others	**186,881**	104,899
Qard	**186,881**	104,899
	128,552,736	118,028,859

* *Included Qard contract of RM4,424,360,000 (2022: RM5,066,445,000)*

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(o) DEPOSITS FROM CUSTOMERS (CONTINUED)

(II) BY MATURITY STRUCTURES OF TERM DEPOSITS AND INVESTMENT ACCOUNT ARE AS FOLLOWS:

	2023 RM'000	2022 RM'000
Due within six months	**70,148,554**	74,111,010
Six months to one year	**15,427,165**	9,095,615
One year to three years	**173,749**	378,318
Three years to five years	**866,737**	852,999
More than five years	**10,477**	24,772
	86,626,682	84,462,714

(III) BY TYPE OF CUSTOMER

	2023 RM'000	2022 RM'000
Government and statutory bodies	**7,469,648**	7,050,474
Business enterprises	**54,707,432**	45,908,468
Individuals	**38,570,271**	37,416,362
Others	**27,805,385**	27,653,555
	128,552,736	118,028,859

Wadiah (Yad Dhamanah)

A safe keeping contract whereby the custodian guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposits by the custodian). However, the custodian, at its discretion, may give hibah to the depositors, nevertheless, the hibah shall not be pre-conditioned.

Commodity Murabahah

A contract of sale and purchase of commodities as underlying assets. The customer appoints the Bank to act as the customer's agent for the purchase and sale of the commodity. At the first stage, the buyer will purchase an asset on credit from the original seller, and at the second stage, the buyer will then sell the asset on cash basis to a third party. It is named as Tawarruq because the buyer purchased the asset on credit with no intention of benefiting from it, rather to sell it to obtain cash. Profit expense shall be recognised on accrual basis by maturity date.

Mudharabah

A contract between a capital provider (rabbul mal) and an entrepreneur (Mudharib) under which the rabbul mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul mal and mudharib according to mutually agreed Profit Sharing Ratio ("PSR") whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's, negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Mudharabah contract shall not stipulate a pre-determined fixed amount of profit to one contracting party. This contract is categorised into two types:

a) Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.

b) Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised on accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(o) DEPOSITS FROM CUSTOMERS (CONTINUED)

(III) BY TYPE OF CUSTOMER (CONTINUED)

Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Bai' al-Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

Tawarruq vis-à-vis Commodity Murabahah

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

(p) INVESTMENT ACCOUNTS OF CUSTOMERS

	Note	2023 RM'000	2022 RM'000
Unrestricted investment accounts (Mudharabah)			
– without maturity			
Special Mudharabah Investment Account		**1,665,728**	1,252,671
Saving Mudharabah		**17,698**	–
– with maturity			
Term Investment Account-i		**16,659,812**	11,902,747
Unrestricted investment accounts (Wakalah)			
– without maturity			
Daily Investment Account-i		**48,300**	27,548
Restricted investment accounts (Mudharabah)			
– with maturity			
Restricted Profit Sharing Investment Account (RPSIA)		**592,587**	501,666
	23	**18,984,125**	13,684,632

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)
(p) INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)
(I) MOVEMENT IN THE INVESTMENT ACCOUNTS OF CUSTOMERS

	2023				2022			
	Mudharabah		Wakalah		Mudharabah		Wakalah	
	Unrestricted Investment Account RM'000	Restricted Investment Account RM'000	Unrestricted Investment Account RM'000	Total RM'000	Unrestricted Investment Account RM'000	Restricted Investment Account RM'000	Unrestricted Investment Account RM'000	Total RM'000
At 1 January	**13,155,418**	**501,666**	**27,548**	**13,684,632**	9,915,992	462,331	48,844	10,427,167
Funding inflows/ outflows								
New placement during the financial year	**22,242,955**	**–**	**35,118**	**22,278,073**	17,539,488	–	22,151	17,561,639
Redemption during the year	**(17,631,866)**	**–**	**(14,426)**	**(17,646,292)**	(14,558,336)	–	(43,467)	(14,601,803)
Income from investment	**843,882**	**91,910**	**1,119**	**936,911**	419,927	40,271	800	460,998
Company's share of profit								
Profit distributed to mudarib	**(267,151)**	**(459)**	**(1,059)**	**(268,669)**	(161,653)	(328)	(780)	(162,761)
Incentive fee	**–**	**(530)**	**–**	**(530)**	–	(608)	–	(608)
At 31 December	**18,343,238**	**592,587**	**48,300**	**18,984,125**	13,155,418	501,666	27,548	13,684,632
Investment asset:								
House financing	**4,043,013**	**–**	**–**	**4,043,013**	2,952,815	–	–	2,952,815
Hire purchase receivables	**12,062,216**	**–**	**–**	**12,062,216**	8,871,451	–	–	8,871,451
Other term financing	**2,235,330**	**–**	**48,300**	**2,283,630**	1,331,152	–	27,548	1,358,700
Marketable securities	**–**	**591,926**	**–**	**591,926**	–	500,197	–	500,197
Miscellaneous Other Assets	**2,679**	**661**	**–**	**3,340**	–	1,469	–	1,469
Total investment	**18,343,238**	**592,587**	**48,300**	**18,984,125**	13,155,418	501,666	27,548	13,684,632

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(p) INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(II) PROFIT SHARING RATIO AND RATE OF RETURN

	2023 Investment account holder		2022 Investment account holder	
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Unrestricted investment accounts:				
no specific tenure	**4.19**	**0.15**	5.32	0.14
less than 1 year	**49.54**	**2.54**	43.87	1.83

	2023 Investment account holder			2022 Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)
Restricted investment accounts:						
more than 5 years	**99.00**	**4.19**	**0.91**	99.00	2.75	1.08

(III) BY TYPE OF CUSTOMERS

	2023 RM'000	2022 RM'000
Business enterprises	**2,569,571**	1,916,959
Individuals	**16,317,463**	11,521,762
Others	**97,091**	245,911
	18,984,125	13,684,632

Mudharabah

This category comprises restricted and unrestricted investment accounts. The placements from investment accounts that are used to fund specific financing are called Restricted Profit Sharing Investment Accounts ("RPSIA"). The RPSIA and unrestricted investment accounts are a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture will be shared based on pre-agreed ratios with CIMB Islamic as Mudharib (manager or manager of funds), and losses shall be borne solely by investors.

Wakalah

Daily Investment Account-i is a daily investment account based on a Wakalah bi al-istithmar contract, agreed between the customers as capital providers (principal) and CIMB Islamic as an investment agent whereby CIMB Islamic will channel the funds in investment assets which are Shariah compliant. The profit distribution is after deducting the agency fee and any agreed performance incentive fee to CIMB Islamic (if any). The principal may agree to the agent retaining all or part of the excess profit as performance incentive fee if the actual profit is higher than the indicative profit. Any losses (if any) shall be borne by the customer, provided that such losses are not due to CIMB Islamic's misconduct (Ta'addi), negligence (Taqsir), or breach of specific terms (Mukhalafah al-Shurut). Daily Investment Account-i is classified as unrestricted investment accounts.

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(q) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2023 RM'000	2022 RM'000
Licensed banks	**8,538,374**	10,655,492
Licensed investment banks	**645,848**	572,975
Bank Negara Malaysia	**5,000**	5,000
Other financial institutions	**744,858**	455,850
	9,934,080	11,689,317

(r) INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	2023 RM'000	2022 RM'000
Restricted investment accounts		
Mudharabah	**3,424,851**	3,576,590
By type of counterparty		
Licensed banks	**3,424,851**	3,576,590

(I) MOVEMENT IN THE INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	2023 RM'000	2022 RM'000
At 1 January	**3,576,590**	3,919,753
Funding inflows/outflows		
Redemption during the year	**(275,530)**	(432,522)
Income from investment	**161,246**	134,652
CIMB Islamic Bank's share of profit		
Profit distributed to mudarib	**(1,612)**	(1,347)
Incentive fee	**(35,843)**	(43,946)
At 31 December	**3,424,851**	3,576,590
Investment asset:		
Other term financing	**3,064,850**	3,254,059
Miscellaneous other assets	**360,001**	322,531
Total investment	**3,424,851**	3,576,590

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(r) INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS (CONTINUED)

(II) PROFIT SHARING RATIO, RATE OF RETURN AND PERFORMANCE INCENTIVE

	2023 Investment account holder			2022 Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)
Restricted investment accounts:						
less than 1 year	**99.00**	**4.19**	**0.91**	99.00	2.75	1.08

These placements are the Restricted Profit Sharing Investment Account ("RPSIA") placed by CIMB Bank Berhad amounting to RM3,424,851,000 (2022: RM3,576,590,000) for tenures within 1 month (2022: within 1 month) at indicative profit rates from 3.60% to 4.01% per annum (2022: 3.01% to 3.93% tenures within 1 months). These placements are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne solely by the investors.

(s) FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RM'000	2022 RM'000
Deposits from customers – structured investments	**2,821,784**	2,857,004

The Group has issued structured investments, and have designated them at fair value in accordance with MFRS9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the financial liabilities designated at fair value of the Group as at 31 December 2023 was RM75,260,000 (2022: RM222,678,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

(t) OTHER LIABILITIES

	Note	2023 RM'000	2022 RM'000
Clearing accounts		**9,324,811**	6,644,980
Structured deposits		**26,116**	21,100
Accruals and other payables		**116,196**	86,735
Expected credit losses for loan commitments and financial guarantee contracts	(I)	**119,935**	76,840
Others		**7,537,299**	7,622,027
		17,124,357	14,451,682

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)
(t) OTHER LIABILITIES (CONTINUED)
(I) MOVEMENT IN THE EXPECTED CREDIT LOSSES FOR LOAN COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS ARE AS FOLLOWS:

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses – not credit impaired (Stage 2) RM'000	Lifetime expected credit losses – credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023:	**50,241**	**15,696**	**10,903**	**76,840**
Changes in expected credit losses due to transfer within stages:	**10,784**	**(11,484)**	**700**	**–**
Transferred to Stage 1	**17,469**	**(14,507)**	**(2,962)**	**–**
Transferred to Stage 2	**(6,648)**	**12,428**	**(5,780)**	**–**
Transferred to Stage 3	**(37)**	**(9,405)**	**9,442**	**–**
Total charge to Statement of Income:	**23,555**	**12,035**	**5,582**	**41,172**
New exposures	**46,621**	**267**	**–**	**46,888**
Exposures derecognised or matured	**(35,439)**	**(4,057)**	**(4,907)**	**(44,403)**
Change in credit risk	**12,373**	**15,825**	**10,489**	**38,687**
Exchange fluctuation	**1,635**	**154**	**134**	**1,923**
Other movements	**(37)**	**31**	**6**	**–**
At 31 December 2023	**86,178**	**16,432**	**17,325**	**119,935**
At 1 January 2022	77,317	42,872	6,335	126,524
Changes in expected credit losses due to transfer within stages:	14,718	(19,820)	5,102	–
Transferred to Stage 1	17,525	(16,994)	(531)	–
Transferred to Stage 2	(2,762)	4,602	(1,840)	–
Transferred to Stage 3	(45)	(7,428)	7,473	–
Total charge to Statement of Income:	(40,719)	(7,521)	(428)	(48,668)
New exposures	80,032	240	2,075	82,347
Exposures derecognised or matured	(35,659)	(11,505)	(3,347)	(50,511)
Change in credit risk	(85,092)	3,744	844	(80,504)
Exchange fluctuation	(1,038)	42	(112)	(1,108)
Other movements	(37)	123	6	92
At 31 December 2022	50,241	15,696	10,903	76,840

The gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM54,837,000 (2022: RM46,290,000).

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(u) LEASE LIABILITIES

	2023 RM'000	2022 RM'000
Buildings	**1,241**	2,261

(v) SUKUK

		2023 RM'000	2022 RM'000
IDR2,000,000 million Sukuk (Series A: 2019/2020; Series B: 2019/2022, Series C: 2019/2024)	(a)	**128,940**	121,883
IDR1,000,000 million Sukuk (Series A: 2020/2021; Series B: 2020/2023; Series C: 2020/2025)	(b)	**116,489**	191,095
RM100 million Senior Sukuk (2023/2026)	(c)	**100,346**	–
RM600 million Senior Sukuk (2023/2028)	(d)	**602,115**	–
RM300 million Senior Sukuk (2023/2030)	(e)	**301,133**	–
		1,249,023	312,978
Fair value changes arising from fair value hedges		**5,880**	–
		1,254,903	312,978

(a) On 21 August 2019, CIMB Niaga issued IDR2,000,000 million Sukuk. The Sukuk is divided into 3 series. Nominal value of 1-year Series A Sukuk, 3-year Series B Sukuk, and 5-year Series C Sukuk amounted to IDR635,000 million, IDR936,000 million, and IDR429,000 million respectively, with fixed interest rate of 7.10%, 7.90% and 8.25% per annum respectively.

On 31 August 2020, CIMB Niaga redeemed its Series A Sukuk amounted to IDR635,000 million.

(b) On 27 March 2020, CIMB Niaga issued IDR1,000,000 million Sukuk. The Sukuk are divided into 3 series. Nominal value of 1-year Series A Sukuk, 3-year Series B Sukuk, and 5-year Series C Sukuk amounted to IDR322,000 million, IDR287,000 million, and IDR391,000 million respectively, with fixed interest rate of 5.80%, 7.00% and 7.25% per annum respectively.

On 7 April 2021, CIMB Niaga redeemed its 1-year Series A Bond amounted to IDR322,000 million.

(c) On 30 November 2023, CIMB Islamic issued RM100 million senior sukuk under its RM10 billion Sukuk Wakalah Programme. The senior sukuk, which bears a profit rate of 3.95% per annum payable semi-annually, will mature on 30 November 2026.

(d) On 30 November 2023, CIMB Islamic issued RM600 million senior sukuk under its RM10 billion Sukuk Wakalah Programme. The senior sukuk, which bears a profit rate of 4.02% per annum payable semi-annually, will mature on 30 November 2028.

(e) On 30 November 2023, CIMB Islamic issued RM300 million senior sukuk under its RM10 billion Sukuk Wakalah Programme. The senior sukuk, which bears a profit rate of 4.31% per annum payable semi-annually, will mature on 29 November 2030.

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(w) SUBORDINATED SUKUK

		2023 RM'000	2022 RM'000
Subordinated Sukuk 2019/2029 RM800 million	(a)	**808,055**	807,973
Subordinated Sukuk 2022/2032 RM300 million	(b)	**301,369**	301,369
		1,109,424	1,109,342

(a) On 25 September 2019, CIMB Islamic had issued RM800 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 25 September 2029, with optional redemption on 25 September 2024 or any periodic payment date thereafter. The Sukuk bears a profit rate of 3.75% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, CIMB Islamic is allowed to raise Tier 2 capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM800 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of CIMB Islamic.

(b) On 28 November 2022, the Bank had issued RM300 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 26 November 2032, with optional redemption on 28 November 2027 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.90% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier 2 capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM300 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of the Bank.

(x) ORDINARY SHARE CAPITAL AND PERPETUAL PREFERENCE SHARES

	2023 RM'000	2022 RM'000
Ordinary shares		
Issued and fully paid		
At 1 January/31 December	**1,000,000**	1,000,000
Perpetual preference shares		
Issued and fully paid		
At 1 January/31 December	**350,000**	420,000
Redemption during the financial year	**–**	(70,000)
At 31 December	**350,000**	350,000

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash repayment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of CIMB Islamic and the costs of winding up or such capital reduction exercise.

A preference share shall not entitle its holder to participate in the surplus assets and profits of CIMB Islamic beyond such redemption rights as are expressly set out in these Articles.

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(x) ORDINARY SHARE CAPITAL AND PERPETUAL PREFERENCE SHARES (CONTINUED)

CIMB Islamic may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of CIMB Islamic.

On 14 January 2022, CIMB Islamic has redeemed RM70 million Basel II Additional Tier 1 Perpetual Preference Shares from CIMB Bank Berhad.

(y) RESERVES

(a) Regulatory reserve of the Group is maintained by the banking subsidiaries in Malaysia, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 9 beginning 1 January 2018.

BNM Guidelines on Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

(b) Share-based payment reserve arose from the Employee Ownership Plan and Long Term Incentive Plan ("LTIP"), the Group's share-based compensation benefits.

(c) Exchange translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the CIMB Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.

(d) For debt instruments at fair value through other comprehensive income ("FVOCI"), changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.

(e) Changes in fair value of financial liabilities designated at fair value relating to the Group's own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

(z) RESTRICTED AGENCY INVESTMENT ACCOUNT

(I) THE DETAILS OF THE RESTRICTED AGENCY INVESTMENT ("RAIA") FINANCING IS AS BELOW. THE EXPOSURES AND CORRESPONDING RISK WEIGHTED AMOUNT ARE REPORTED IN INVESTORS' FINANCIAL STATEMENTS.

RAIA arrangement

	2023 RM'000	2022 RM'000
Financing and advances	**12,882,815**	11,280,429
Commitments and contingencies	**2,600,000**	3,000,000
	15,482,815	14,280,429

	2023 RM'000	2022 RM'000
Total RWA for Credit Risk	**830,893**	857,557

RAIA is an arrangement between CIMB Bank and CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank provides the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has transferred substantially all the risk and rewards of ownership of the Investment (i.e. the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and allowance for impairment arising thereon, if any, are recognised and accounted for by CIMB Bank.

The recognition and derecognition of the above are in accordance to Note E and G in the financial statements of the Group.

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)
(z) RESTRICTED AGENCY INVESTMENT ACCOUNT (CONTINUED)
(II) MOVEMENT IN THE INVESTMENT ACCOUNT
Wakalah

Restricted Agency Investment Account – RAIA

	2023 RM'000	2022 RM'000
At 1 January	**11,280,429**	10,248,755
Funding inflows/outflows		
New placement during the year	**1,800,000**	1,500,000
Redemption during the year	**(138,934)**	(272,945)
Income from investment	**(58,680)**	(195,381)
At 31 December	**12,882,815**	11,280,429
Investment asset:		
Syndicated financing	**1,531,910**	1,532,275
Revolving credit	**1,202,943**	701,354
Other term financing	**10,147,962**	9,046,800
Total investment	**12,882,815**	11,280,429

(III) RATE OF RETURN

	Investment account holder Average rate of return	
	2023 (%)	**2022 (%)**
Restricted investment accounts:		
1 month or less	**3.63**	2.63
more than 1 month to 3 months	**3.57**	2.72
more than 3 months to 6 months	**–**	2.80
more than 4 years to 5 years	**3.71**	3.62
more than 5 years	**4.15**	4.15

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(aa) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	2023 RM'000	2022 RM'000
Income derived from investment of:		
(i) General investment deposits	**5,168,677**	4,028,532
(ii) Specific investment deposits	**1,078**	2,377
(iii) Other deposits	**1,634,606**	1,186,613
	6,804,361	5,217,522

(i) Income derived from investment of general investment deposits

	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing, advances and other financing/loans		
– Profit income	**4,153,314**	3,223,417
– Unwinding income*	**36,219**	18,423
Money at call and deposit with financial institutions	**359,824**	268,792
Debt instruments at fair value through other comprehensive income	**148,446**	139,034
Debt instrument at amortised cost	**318,399**	225,247
Others	**16,343**	2,930
	5,032,545	3,877,843
Accretion of discount less amortisation of premium	**(23,222)**	(25,499)
	5,009,323	3,852,344
Other finance income for financial assets at fair value through profit or loss		
– Financial investments at fair value through profit or loss	**62,240**	47,749
– Financing, advances and other financing/loan at fair value through profit or loss	**2,745**	–
– Net accretion of discount less amortisation of premium	**62,663**	36,583
Total finance income and hibah	**5,136,971**	3,936,676
Other operating income:		
Foreign exchange loss	**(142,109)**	(39,832)
Net gain from sale of debt instruments at fair value through other comprehensive income	**6,166**	13,252
Net unrealised loss arising from financing, advances and other financings at fair value through profit or loss	**(1,330)**	–
Net gain/(loss) arising from financial investments at fair value through profit or loss		
– Realised	**17,214**	2,798
– Unrealised	**4,455**	(827)
	(115,604)	(24,609)
Fees and commission income:		
Fee on financing and advances	**95,247**	71,363
Guarantee fees	**15,568**	14,352
Service charges and fees	**27,977**	22,068
Other fee income	**4,672**	7,198
	143,464	114,981
Other income	**3,846**	1,484
	5,168,677	4,028,532

* *Unwinding income is income earned on credit impaired financial assets*

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(aa) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTINUED)

(ii) Income derived from investment of specific investment deposits

	2023 RM'000	2022 RM'000
Money at call and deposit with financial institutions	**1,078**	2,377
	1,078	2,377

(iii) Income derived from investment of other deposits

	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing, advances and other financing/loans		
– Profit income	**1,276,833**	918,802
– Unwinding income*	**16,876**	7,450
Money at call and deposit with banks and other financial institutions	**113,168**	93,853
Reverse Collateralised Commodity Murabahah	**7,790**	1,067
Debt instruments at fair value through other comprehensive income	**62,647**	53,387
Debt instrument at amortised cost	**147,872**	92,163
	1,625,186	1,166,722
Accretion of discount less amortisation of premium	**(9,897)**	(9,655)
	1,615,289	1,157,067
Other finance income for financial assets at fair value through profit or loss		
– Financial investments at fair value through profit or loss	**28,853**	19,768
– Financing, advances and other financing/loans at fair value through profit or loss	**1,385**	–
– Net accretion of discount less amortisation of premium	**29,389**	15,109
Total finance income and hibah	**1,674,916**	1,191,944

* *Unwinding income is income earned on credit impaired financial assets*

Notes to the Financial Statements

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58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(aa) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTINUED)

(iii) Income derived from investment of other deposits (Continued)

	2023 RM'000	2022 RM'000
Other operating income:		
Foreign exchange loss	**(58,475)**	(7,634)
Net gain/(loss) from sale of debt instruments at fair value through other comprehensive income	**2,915**	(4,401)
Net unrealised loss arising from financing, advances and other financings at fair value through profit or loss	**(671)**	–
Net gain from financial investments at fair value through profit or loss		
– Realised	**7,898**	574
– Unrealised	**1,992**	86
	(46,341)	(11,375)
Fees and commission income:		
Advisory fees	**–**	18
Placement fees	**–**	802
Guarantee fees	**5,978**	4,859
Service charges and fees	**36**	53
Underwriting fees	**–**	42
Other fee income	**–**	497
Fee and commission income	**6,014**	6,271
Fee and commission expense	**–**	(213)
Net fees and commission expense	**6,014**	6,058
Other income	**17**	(14)
	6,031	6,044
	1,634,606	1,186,613

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for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ab) INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT

	2023 RM'000	2022 RM'000
Financing, advances and other financing/loans:		
– Profit income	**1,048,180**	704,899
– Unwinding income*	**10**	61
Debt instrument at amortised cost	**45,679**	25,989
Money at call and deposit with financial institutions	**–**	137
	1,093,869	731,086
Accretion of discount less amortisation of premium	**8,146**	6,845
	1,102,015	737,931
Other operating income		
Net gain from sale of securities at amortised cost	**65**	–
Net gain from foreign exchange transactions	**124**	1
	189	1
Fees and commission income		
– Service charges and fees	**1,014**	987
– Commission fee	**2**	1
	1,103,220	738,920

* *Unwinding income is income earned on credit impaired financial assets*

(ac) NET INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	2023 RM'000	2022 RM'000
Finance income and hibah:		
Financing, advances and other financing/loans		
– Profit income	**320,618**	234,238
– Unwinding income*	**4,053**	1,825
Money at call and deposit with financial institutions	**36,492**	25,865
Debt instruments at fair value through other comprehensive income	**49,091**	58,853
Debt instrument at amortised cost	**95,672**	85,455
Reverse Collateralised Commodity Murabahah	**1,838**	255
	507,764	406,491
Accretion of discount less amortisation of premium	**(4,810)**	(8,131)
	502,954	398,360
Other finance income for financial assets at fair value through profit or loss		
– Financial investments at fair value through profit or loss	**6,925**	4,914
– Financing, advances and other financing/loans at fair value through profit or loss	**311**	–
– Net accretion of discount less amortisation of premium	**7,031**	3,773
Total finance income and hibah	**517,221**	407,047

* *Unwinding income is income earned on credit impaired financial assets*

Notes to the Financial Statements
for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ac) NET INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS (CONTINUED)

	2023 RM'000	2022 RM'000
Other operating income:		
Net gain from hedging activities	**495**	699
Foreign exchange loss	**(15,937)**	(5,683)
Net gain/(loss) from sale of debt instruments at fair value through other comprehensive income	**730**	(1,116)
Net unrealised loss arising from financing, advances and other financings at fair value through profit or loss	**(150)**	–
Net gain arising from financial investments at fair value through profit or loss		
– Realised	**3,493**	1,490
– Unrealised	**467**	2
Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss		
– Realised	**59,648**	(9,878)
– Unrealised	**(146,829)**	182,574
Net gain/(loss) arising from Islamic derivative financial instrument		
– Realised	**332,425**	219,455
– Unrealised	**189,157**	(285,527)
	423,499	102,016
Net fees and commission income:		
Advisory fees	**1,168**	496
Guarantee fees	**1,432**	1,200
Service charges and fees	**129,635**	115,197
Placement fees	**15,914**	22,613
Underwriting commission	**1,585**	1,193
Other fee income	**213,226**	168,474
Fee and commission income	**362,960**	309,173
Fee and commission expense	**(47,938)**	(25,196)
Net fees and commission income	**315,022**	283,977
Other income	**9,118**	3,905
	1,264,860	796,945

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ad) MODIFICATION LOSS

	2023 RM'000	2022 RM'000
Loss on modification of cash flows	**77**	2,845

(ae) EXPECTED CREDIT LOSS ON FINANCING, ADVANCES AND OTHER FINANCING/LOANS

	2023 RM'000	2022 RM'000
Expected credit losses on financing, advances and other financing/loans at amortised cost:		
– Expected credit losses on financing, advances and other financing/loans	**710,901**	631,573
Credit impaired financing, advances and other financing/loans:		
– Recovered	**(96,750)**	(95,491)
– Written-off	**3,458**	2,103
	617,609	538,185

(af) OTHER EXPECTED CREDIT LOSSES MADE/(WRITTEN BACK)

	2023 RM'000	2022 RM'000
Other expected credit losses made/(written back) on:		
– Debt instrument at fair value through other comprehensive income	**545**	(2,090)
– Debt instrument at amortised cost	**36**	(271)
– Money at call and deposits and placements with banks and other financial institutions	**(263)**	269
– Other receivables	**2,716**	16,210
– Others	**7**	(33)
	3,041	14,085

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ag) INCOME ATTRIBUTABLE TO DEPOSITORS AND OTHERS

	2023 RM'000	2022 RM'000
Deposits from customers		
– Mudharabah	**443,057**	228,630
– Non-Mudharabah	**3,213,912**	1,907,496
– Others	**27,899**	24,850
Deposits and placements of banks and other financial institutions		
– Mudharabah	**38**	142
– Non-Mudharabah	**432,889**	202,629
– Others	**25,065**	41,352
Financial liabilities designated at fair value through profit or loss	**97,781**	49,464
Subordinated Sukuk	**44,700**	45,315
Recourse obligation on loan and financing sold to Cagamas	**27,236**	-
Structured deposits	**163**	183
Lease liabilities	**68**	230
Collateralised Commodity Murabahah	**92,440**	30,897
Others	**3,562**	9
	4,408,810	2,531,197

(ah) PROFIT DISTRIBUTED TO INVESTMENT ACCOUNT HOLDER

	2023 RM'000	2022 RM'000
Restricted	**176,627**	121,256
Unrestricted	**576,800**	258,300
	753,427	379,556

(ai) PERSONNEL EXPENSES

	2023 RM'000	2022 RM'000
Salaries, allowances and bonuses[2]	**63,173**	63,024
Pension costs (defined contribution plan)	**7,066**	5,744
Staff incentives and other staff payments	**6,855**	5,281
Medical expenses	**1,021**	632
Share-based expense[1]	**1,698**	1,570
Others	**3,624**	3,419
	83,437	79,670

[1] *The long term incentive plan ("LTIP") was implemented by the Company in June 2021. The LTIP awards ordinary shares and share options of the Company to eligible employees of the Group. The eligibility of participation in the LTIP shall be at the discretion of the LTIP Committee of CIMB Group Holdings Berhad, and the awarded shares and share options will be vested in stages at predetermined dates subject to continued employment and performance conditions. Refer note 49.*

[2] *Included in salaries, allowances and bonuses is shared-based payment expense (EOP) of RM7,019 (2022: RM199,410) for the Group. Refer note 49.*

Included in the personnel costs are fees paid to the Shariah Committee members amounting to RM700,000 (2022: RM959,000).

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(aj) OTHER OVERHEADS AND EXPENDITURES

	2023 RM'000	2022 RM'000
Establishment costs		
– Depreciation of property, plant and equipment	**1,597**	1,380
– Rental	**717**	766
– Repairs and maintenance	**1,786**	1,106
– Depreciation of Right-of-use assets	**1,341**	1,437
– Amortisation of intangible assets	**2,123**	21,288
– Security expenses	**1,125**	921
– Utility expenses	**535**	518
– Others	**6,709**	3,961
	15,933	31,377
Marketing expenses		
– Advertisement and publicity	**3,802**	10,173
– Others	**710**	332
	4,512	10,505
Administration and general expenses		
– Legal and professional fees	**6,571**	4,114
– Stationery	**603**	398
– Communication	**215**	203
– Incidental expenses on banking operations	**4,465**	4,066
– Service expense	**1,216,416**	1,112,520
– Others	**25,027**	20,338
	1,253,297	1,141,639
	1,273,742	1,183,521

(ak) TAXATION AND ZAKAT

(I) TAX EXPENSE FOR THE FINANCIAL YEAR

	Note	2023 RM'000	2022 RM'000
Current year tax			
– Malaysian income tax		**399,479**	508,882
Deferred taxation	(i)	**(97,867)**	(5,214)
Under/(over) provision in prior year		**2,989**	(8,529)
		304,601	495,139
Zakat		**15,000**	9,360
		319,601	504,499

Notes to the Financial Statements

for the financial year ended 31 December 2023

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ak) TAXATION AND ZAKAT (CONTINUED)

(II) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE

The explanation on the relationship between tax expense and profit before taxation and zakat is as follows:

	2023 RM'000	2022 RM'000
Profit before taxation and zakat	**1,991,126**	2,072,996
Tax calculated at tax rate of 24% (2022: 24% & 33%)	**477,870**	623,665
– Effect of different tax rates	**(148,152)**	(115,460)
– Income not subject to tax	**(32,888)**	(17,008)
– Expenses not deductible for tax purposes	**4,782**	11,573
– difference due to Cukai Makmur	**–**	898
– Over provision in prior year	**2,989**	(8,529)
	304,601	495,139

(al) SOURCES AND USES OF CHARITY FUNDS

	2023 RM'000	2022 RM'000
Sources of charity funds		
Balance as at 1 January	**7,609**	6,884
Gharamah/penalty charges	**3,422**	2,787
Non-shariah compliance income	**232**	127
Exchange fluctuation	**417**	(386)
Total sources of charity funds during the financial year	**11,680**	9,412
Uses of charity funds		
Contribution to non-profit organisation	**2,353**	1,803
Total uses of charity funds during the financial year	**2,353**	1,803
Undistributed charity funds as at 31 December	**9,327**	7,609

Notes to the Financial Statements
for the financial year ended 31 December 2023

59 DIRECTORS OF SUBSIDIARIES OF THE GROUP

Name of Company	Name of Directors
CIMB ACTIVE VENTURES SDN BHD	1. Boey Wai Yee 2. Ivy Ong Ai Wai 3. Loh Chang Heng
CIMB BERHAD	1. Datin Rossaya Mohd Nashir 2. Khairulanwar Rifaie
CIMB FOUNDATION	1. Datuk Mohd Nasir Ahmad 2. Datuk Dr. Richard Leete 3. Rosnah Dato' Kamarul Zaman
CIMB GROUP SDN BHD	1. Khairulanwar Rifaie 2. Mohd Haniz Mohd Nazlan
COMMERCE MGI SDN BHD	1. Khairulanwar Rifaie 2. Datin Rossaya Mohd Nashir
iCIMB (MSC) SDN BHD	1. Lim Sau Hong 2. Daniel Cheong Weng Teong 3. Ros Aziah Mohd Yusoff 4. Rosmawarni Abdul Samad
PREMIER FIDELITY SDN BHD	1. Khairulanwar Rifaie 2. Datin Rossaya Mohd Nashir
SBB BERHAD	1. Khairulanwar Rifaie 2. Datin Rossaya Mohd Nashir
CIG BERHAD	1. Mohd Haniz Mohd Nazlan 2. Chong Chooi Wan
CIMB BANCOM CAPITAL CORPORATION	1. Jefferi Mahmud Hashim 2. Gurdip Singh Sidhu Gurbachan Singh 3. Adhha' Amir bin Tan Sri Abdullah 4. Vicente Maria Nakpil Roxas 5. Paolo Lorenzo Picazo
CIMB BANK BERHAD	1. Datuk Mohd Nasir Ahmad 2. Dato' Lee Kok Kwan 3. Chu Hong Keong 4. Sukanta Kumar Dutt 5. Dato' Abdul Rahman Ahmad 6. Christina Ong Soo Chan (Appointed on 1 March 2023) 7. Kee E-Lene (Appointed on 15 March 2023) 8. Nurmazilah Mahzan (Appointed on 3 August 2023) 9. Nadzirah Abd Rashid (Retired on 14 September 2023) 10. Hafriz Abdul Rahman (Resigned on 1 February 2024)
CIMB CAPITAL MARKETS (AUSTRALIA) PTY LTD	1. Terry Rooney 2. Chong Chooi Wan
CIMB DIGITAL ASSETS SDN BHD	1. Effendy Shahul Hamid 2. Dato' Abdul Rahman Ahmad

Notes to the Financial Statements
for the financial year ended 31 December 2023

59 DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of Company	Name of Directors
CIMB INVESTMENT BANK BERHAD	1. Raymond Yeoh Cheng Seong (Appointed on 1 November 2023) 2. Muhammad Novan Amirudin (Appointed on 15 June 2023) 3. Manu Bhaskaran 4. Dato' Lee Kok Kwan 5. Tan Ting Min (Appointed on 1 May 2023) 6. Jefferi Mahmud Hashim (Resigned on 15 June 2023) 7. Datin Azlina Mahmad (Appointed on 1 May 2023, Resigned on 3 July 2023) 8. Nadzirah Abd Rashid (Retired on 14 September 2023) 9. Teoh Su Yin (Retired on 7 October 2023) 10. Surina Shukri (Deceased on 29 February 2024)
CIMB PRIVATE EQUITY ADVISORS SDN BHD	1. Chong Chooi Wan 2. Zulkifli Ismail
CIMB PRIVATE EQUITY SDN BHD	1. Mohd Haniz Mohd Nazlan 2. Chong Chooi Wan
CIMB REAL ESTATE SDN BHD	1. Chong Chooi Wan 2. Khairulanwar Rifaie (Resigned on 12 January 2024) 3. Lim Ching Hui (Appointed on 13 December 2023)
CIMB SI II SDN BHD	1. Mohd Haniz Mohd Nazlan 2. Chong Chooi Wan
CIMB SI SDN BHD	1. Effendy Shahul Hamid 2. Lai Mee Fong
CIMB STRATEGIC ASSETS SDN BHD	1. Mohd Haniz Mohd Nazlan 2. Chong Chooi Wan
COMMERCE ASSET VENTURES SDN BHD	1. Mohd Haniz Mohd Nazlan 2. Chong Chooi Wan
CSI INVESTMENT LIMITED	1. Khairulanwar Rifaie 2. Chong Chooi Wan
PT BANK CIMB NIAGA TBK	1. Didi Syafruddin Yahya 2. Glenn Muhammad Surya Yusuf 3. Jeffrey Kairupan 4. Sri Widowati 5. Farina J.Situmorang (Appointed on 25 January 2024) 6. Dato' Abdul Rahman Ahmad 7. Vera Handajani
PT COMMERCE KAPITAL	1. Khairulanwar Rifaie 2. Datin Rossaya Mohd Nashir
SOUTHEAST ASIA SPECIAL ASSET MANAGEMENT BERHAD	1. Ahmad Shazli Kamarulzaman 2. Priya Darshini Vaithiyanathan
CIMB EOP MANAGEMENT SDN BHD	1. Datuk Mohd Nasir Ahmad 2. Gurdip Singh Sidhu Gurbachan Singh
CIMB HOLDINGS SDN BHD	1. Datin Rossaya Mohd Nashir 2. Khairulanwar Rifaie
CIMSEC NOMINEES (ASING) SDN BHD	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee
CIMSEC NOMINEES (TEMPATAN) SDN BHD	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee

Notes to the Financial Statements
for the financial year ended 31 December 2023

59 DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of Company	Name of Directors
CIMB BANK (VIETNAM) LIMITED	1. Effendy Shahul Hamid 2. Gurdip Singh Sidhu Gurbachan Singh 3. Thomson Fam 4. Aisyah Lam Abdullah 5. Le Ie Thuy
CIMB BANK PLC	1. Datuk Mohd Nasir Ahmad 2. Aisyah Lam Abdullah 3. Long Beang 4. Cheong Weng Teong 5. Ahmad Shazli Kamarulzaman 6. Bun Yin
BC MANAGEMENT SERVICES LIMITED	1. Sharifah Nadia Syed Abdul Rani 2. Amizah Salamat
BHLB PROPERTIES SDN BHD	1. Leslie In Hoe Aun 2. Chong Yew Leong (Appointed on 31 May 2023) 3. Muhammad Ikram Kamarudin (Resigned on 31 May 2023)
BUMIPUTRA-COMMERCE CORPORATE SERVICES LIMITED	1. Sharifah Nadia Syed Abdul Rani 2. Amizah Salamat
CIMB BANK (L) LIMITED	1. Zahardin Omardin 2. Yew Teik Jin
CIMB FACTORLEASE BERHAD	1. Yew Teik Beng 2. Ahmad Shazli Kamarulzaman (Appointed on 31 January 2023) 3. Rosman Nordin (Resigned on 31 January 2023)
CIMB GROUP NOMINEES (ASING) SDN BHD	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee
CIMB GROUP NOMINEES (TEMPATAN) SDN BHD	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee
CIMB ISLAMIC BANK BERHAD	1. Dato' Mohamed Ross Mohd Din 2. Ahmed Baqar Rehman 3. Jalalullail Othman 4. Dr. Azura Othman 5. Ahmad Shahriman Mohd Shariff 6. Zuhaida Zulkifli (Appointed on 1 March 2023)
CIMB NOMINEES (S) PTE LTD	1. Tony Luk Wing Yiu
CIMB THAI BANK PUBLIC COMPANY LIMITED	1. Dato' Robert Cheim Dau Meng 2. Paul Wong Chee Kin 3. Anon Sirisaengtaksin 4. Oranuch Apisaksirikul 5. Natasak Rodjanapiches 6. Dato' Abdul Rahman Ahmad 7. Vera Handajani
CIMB TRUST LIMITED	1. Zahardin Omardin 2. Paul Gui Eng Hock 3. Rosmawarni Abdul Samad (Resigned on 1 June 2023)
iCIMB (MALAYSIA) SDN BHD	1. Lim Sau Hong 2. Daniel Cheong Weng Teong 3. Ros Aziah Mohd Yusoff 4. Rosmawarni Abdul Samad

Notes to the Financial Statements
for the financial year ended 31 December 2023

59 DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of Company	Name of Directors
PERDANA NOMINEES (TEMPATAN) SDN BHD	1. Wong Joon Hian 2. Khairulanwar Rifaie
S.B. PROPERTIES SDN BHD	1. Khairulanwar Rifaie 2. Leslie In Hoe Aun
S.B. VENTURE CAPITAL CORPORATION SDN BHD	1. Khairulanwar Rifaie 2. Datin Rossaya Mohd Nashir
SFB AUTO BERHAD	1. Wong Joon Hian 2. Ivy Ong Ai Wai
SFB DEVELOPMENT SDN BHD	1. Wong Joon Hian 2. Ivy Ong Ai Wai
SIBB BERHAD	1. Wong Joon Hian 2. Khairulanwar Rifaie
CIMB ISLAMIC NOMINEES (ASING) SDN BHD	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee
CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee
PT CIMB NIAGA AUTO FINANCE	1. Lani Darmawan 2. Koei Hwei Lien 3. Serena Karlita Ferdinandus 4. Hidayat Dardjat Prawiradilaga 5. Cheong Chee Wai
PT CIMB NIAGA SEKURITAS	1. Rusly Johannes 2. Nor Masliza Binti Sulaiman 3. Achiran Pandu Djajanto
CIMB THAI AUTO COMPANY LIMITED	1. Tan Keat Jin 2. Visit Phuengpornsawan 3. Sasima Thongsamak (Resigned on 15 January 2024) 4. Piyawan Thianphranon (Resigned on 2 February 2024) 5. Boey Wai Yee (Resigned on 1 February 2024) 6. Kwong Hon Yean (Resigned on 1 February 2024) 7. Mr. Chaiwat Limvipaveanan (Resigned on 1 February 2024)
WORLDLEASE COMPANY LIMITED	1. Yeong Thian Lim 2. Buppha Chaipin 3. Jason Leong Kok Yew (Resigned on 1 February 2024) 4. Montri Puangpool (Resigned on 1 February 2024) 5. Pornpat Artornsombudh (Resigned on 1 February 2024) 6. Kunwadee Sutasatitchai (Resigned on 2 February 2024) 7. Kriangpop Panurach (Resigned on 2 February 2024) 8. Ankit Gutgutia (Resigned on 1 February 2024)
CIMB AI LABS PRIVATE LIMITED (formerly known as SHINING STAR SOLUTIONS AND SERVICES PRIVATE LIMITED)	1. Richard Kudakwashe Bururu 2. Nithialingam Selvaretnam 3. Mathew Joseph
CIMB ASIA SECURITY (GENERAL PARTNER) LIMITED Note: This entity is undergoing the dissolution process	1. Chong Chooi Wan

Notes to the Financial Statements
for the financial year ended 31 December 2023

59 DIRECTORS OF SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of Company	Name of Directors
CIMB COMMERCE TRUSTEE BERHAD	1. Zahardin Omardin 2. Paul Gui Eng Hock 3. Datin Ezreen Eliza Zulkiplee
CIMB ISLAMIC TRUSTEE BERHAD	1. Zahardin Omardin 2. Datin Ezreen Eliza Zulkiplee 3. Ahamed Usman Thahir Ghouse (Resigned on 1 December 2023)
LOT A SENTRAL SDN BHD	1. Leslie In Hoe Aun 2. Muhammad Ismi bin Ismail (Appointed on 29 November 2023) 3. Mazlin Ismail (Resigned on 31 January 2024)
MINORCAP PTE LTD	1. Chong Chooi Wan 2. Andrew Boey Chwee Kiang
PT SYNERGY DHARMA NAYAGA	1. Khairulanwar Rifaie 2. Datin Rossaya Mohd Nashir 3. Priya Darshini Vaithiyanathan
SATHORN ASSET MANAGEMENT CO., LTD	1. Ahmad Shazli Kamarulzaman 2. Priya Darshini Vaithiyanathan 3. Ekajai Tivutanond 4. Goh Therd Siang 5. Zethjak Leeyakars
SOUTHEAST ASIA SPECIAL ASSET VEHICLE LIMITED	1. Khairulanwar Rifaie 2. Datin Rossaya Mohd Nashir
TOUCH 'N GO SDN BHD	1. Dato' Zainal Abidin Putih 2. Effendy Shahul Hamid 3. Shahnaz Faroque Jammal Ahmad 4. Datuk Mohd Nasir Ahmad 5. Hisham Zainal Mokhtar
CIMB INVESTMENT BANK (PRIVATE) LIMITED (SRI LANKA)	1. Adhha' Amir bin Tan Sri Abdullah 2. Gurdip Singh Sidhu 3. Jefferi Mahmud Hashim 4. Reshani Enoka Dangalla 5. Yee Fun Wong 6. Sow Lin Chiew (Alternate director to Yee Fun Wong)

60 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 15 March 2024.

- CIMB Bank Group
- CIMB Islamic Bank Group
- CIMB Investment Bank Group

Basel II Pillar 3 Disclosure for 2023

Abbreviations

A-IRB Approach	:	Advanced Internal Ratings Based Approach
ALM COE	:	Asset Liability Management Centre of Excellence
ASB	:	Amanah Saham Bumiputra
BI	:	Banking Institutions
BIA	:	Basic Indicator Approach
BNM	:	Bank Negara Malaysia
BRCC	:	Board Risk & Compliance Committee
CAF	:	Capital Adequacy Framework and, in some instances referred to as the Risk-Weighted Capital Adequacy Framework
CAFIB	:	Capital Adequacy Framework for Islamic Banks
CAR	:	Capital Adequacy Ratio and, in some instances referred to as the Risk-Weighted Capital Ratio
CBSM	:	Capital and Balance Sheet Management
CCR	:	Counterparty Credit Risk
CIMBBG	:	CIMB Bank, CIMBISLG, CIMBTH, CIMB Bank PLC (Cambodia), CIMB Factorlease Berhad, CIMB Bank (Vietnam) Limited and non-financial subsidiaries
CIMBIBG	:	CIMB Investment Bank Berhad and non-financial subsidiaries
CIMBISLG	:	CIMB Islamic Bank Berhad, CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) Sdn Bhd
CIMBGH Group	:	Group of Companies under CIMB Group Holdings Berhad
CIMBTH	:	CIMB Thai Bank Public Company Ltd and its subsidiaries
CIMB Bank	:	CIMB Bank Berhad and CIMB Bank (L) Ltd (as determined under the CAF (Capital Components) and CAFIB (Capital Components) to include its wholly owned offshore banking subsidiary company)
CIMB Group or the Group	:	Collectively CIMBBG, CIMBIBG and CIMBISLG as described within this disclosure
CIMB IB	:	CIMB Investment Bank Berhad
CIMB Islamic	:	CIMB Islamic Bank Berhad
CRM	:	Credit Risk Mitigants
CRO	:	Chief Risk Officer
CSA	:	Credit Support Annexes, International Swaps and Derivatives Association Agreement
DFIs	:	Development Financial Institutions
EAD	:	Exposure At Default
EAR	:	Earnings-at-Risk
ECAIs	:	External Credit Assessment Institutions
EL	:	Expected Loss
EP	:	Eligible Provision
EVE	:	Economic Value of Equity
EWRM	:	Enterprise Wide Risk Management
Group EXCO	:	Group Executive Committee
GSOC	:	Group Strategic Oversight Committee
GSGC	:	Group Sustainability and Governance Committee
F-IRB Approach	:	Foundation Internal Ratings Based Approach
Fitch	:	Fitch Ratings
GALCO	:	Group Asset Liability Management Committee
GCC	:	Group Credit Committee
GIBD	:	Group Islamic Banking Division
GMCRC	:	Group Market and Conduct Risks Committee
GRCC	:	Group Risk & Compliance Committee
GRD	:	Group Risk Division
GUC	:	Group Underwriting Committee
HPE	:	Hire Purchase Exposures
IRB Approach	:	Internal Ratings Based Approach
IRRBB	:	Interest Rate Risk in the Banking Book
KRI	:	Key Risk Indicators
LGD	:	Loss Given Default
MARC	:	Malaysian Rating Corporation Berhad
MDBs	:	Multilateral Development Banks
Moody's	:	Moody's Investors Service
MTM	:	Mark-to-Market and/or Mark-to-Model
ORM	:	Operational Risk Management
ORMF	:	Operational Risk Management Framework
OTC	:	Over the Counter
PD	:	Probability of Default
PSEs	:	Non-Federal Government Public Sector Entities
PSIA	:	Profit Sharing Investment Accounts
QRRE	:	Qualifying Revolving Retail Exposures
R&I	:	Rating and Investment Information, Inc
RAM	:	RAM Rating Services Berhad
RAROC	:	Risk Adjusted Return on Capital
RORBB	:	Rate of Return Risk in the Banking Book
RRE	:	Residential Real Estate
RWA	:	Risk-Weighted Assets
RWCAF	:	Risk-Weighted Capital Adequacy Framework and, in some instances referred to as the Capital Adequacy Framework
S&P	:	Standard & Poor's
SA	:	Standardised Approach
SMEs	:	Small and Medium Enterprises
SNC	:	Shariah Non Compliance
SRM	:	Shariah Risk Management
VaR	:	Value-at-Risk

Overview of Basel II and Pillar 3

The 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework' or commonly known as 'Basel II' issued by the Bank of International Settlements, as adopted by BNM seeks to increase the risk sensitivity in capital computations and prescribes a number of different approaches to risk calculation that allow the use of internal models to calculate regulatory capital. The particular approach selected must commensurate with the financial institution's risk management capabilities. The Basel II requirements are stipulated within three broad 'Pillars' or sections.

Pillar 1 focuses on the minimum capital measurement methodologies and their respective qualifying criteria to use specified approaches available to calculate the RWA for credit, market and operational risks. CIMB Bank and its subsidiaries including CIMBISLG which offers Islamic banking financial services (collectively known as 'CIMBBG'), apply the IRB Approach for its major credit exposures. The IRB Approach prescribes two approaches, the F-IRB Approach and A-IRB Approach. Under F-IRB Approach, the Group applies its own PD and the regulator prescribed LGD, whereas under the A-IRB Approach, the Group applies its own risk estimates of PD, LGD and EAD. The remaining credit exposures are on the SA and where relevant, will progressively migrate to the IRB Approach. CIMBIB and its subsidiaries ('CIMBIBG') adopt the SA for credit risk. CIMBBG, CIMBISLG and CIMBIBG (collectively known as 'CIMB Group' or the 'Group') adopt the SA for market risk and BIA for operational risk.

Pillar 2 focuses on how sound risk management practices should be implemented from the Supervisory Review perspective. It requires financial institutions to make their own assessments of capital adequacy in light of their risk profile and to have a strategy in place for maintaining their capital levels.

Pillar 3 complements Pillar 1 and Pillar 2 by presenting disclosures in accordance with requirements aimed to encourage market discipline in a manner that every market participant can assess key pieces of information attributed to the capital adequacy framework of financial institutions.

FREQUENCY OF DISCLOSURE

The qualitative disclosures contained herein are required to be updated on an annual basis and more frequently if significant changes to policies are made. The capital structure and adequacy disclosures are published on a quarterly basis. All other quantitative disclosures are published semi-annually in conjunction with the Group's half yearly reporting cycles.

MEDIUM AND LOCATION OF DISCLOSURE

These disclosures are also available on CIMBGH Group's corporate website (www.cimb.com). The individual disclosures for CIMB Bank, CIMB Islamic and CIMB IB are also available at the CIMBGH Group's 2023 Annual Report and corporate website.

BASIS OF DISCLOSURE

These disclosures herein are formulated in accordance with the requirements of BNM's guidelines on RWCAF (Basel II) – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). These disclosures published are for the year ended 31 December 2023.

The basis of consolidation for financial accounting purposes is described in the 2023 financial statements. The capital requirements are generally based on the principles of consolidation adopted in the preparation of financial statements. During the financial year, the Group did not experience any impediments in the distribution of dividends. There were also no capital deficiencies in any subsidiaries that are not included in the consolidation for regulatory purposes.

The term 'credit exposure' as used in the disclosures is a prescribed definition by BNM based on the RWCAF (Basel II) – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). Credit exposure is defined as the estimated maximum amount a banking institution may be exposed to a counterparty in the event of a default or EAD. This differs with similar terms applied in the 2023 financial statements as the credit risk exposure definition within the ambit of accounting standards represents the balance outstanding as at balance sheet date and does not take into account the expected undrawn/undisbursed contractual commitments. Therefore, information within this disclosure is not directly comparable to that of the 2023 financial statements.

Any discrepancies between the totals and sum of the components in the tables contained in the disclosures are due to actual summation method and then rounded up to the nearest thousands.

These disclosures have been reviewed and verified by internal auditors and approved by the Board Risk Committee of CIMB Group, as delegated by the Board of Directors of CIMBGH Group.

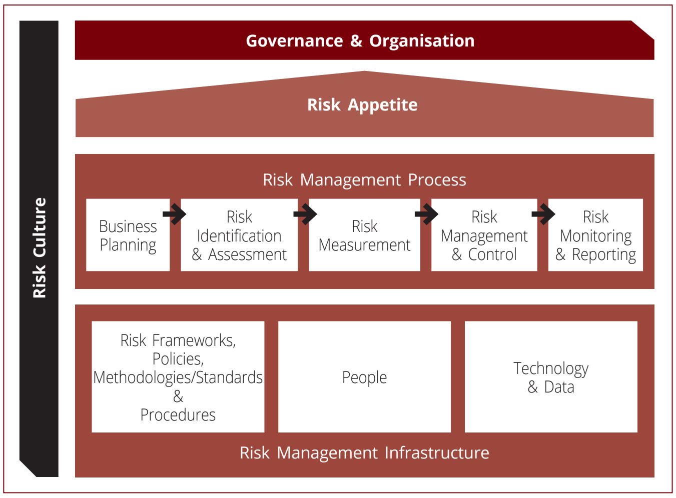
Risk Management Overview

The Group embraces risk management as an integral part of the Group's strategy, business, operations and decision-making processes. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the strategy discussion and risk-taking process by providing independent inputs, including relevant valuations and scenario analysis, credit evaluations, new product assessments and quantification of capital requirements and risk return analysis/simulations. These inputs enable the business units to assess the risk-vs-reward of their propositions.

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK

The Group employs a Group Enterprise-Wide Risk Management (EWRM) framework as a standardised approach to effectively manage its risks and opportunities. The Group EWRM framework provides the Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

The key components of the Group's EWRM framework are represented in the diagram below:



The design of the Group EWRM framework incorporates a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach.

The key features of the Group EWRM framework include:

a) **Risk Culture:** The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines-of-Defence approach, whereby risks are managed initially from the onset of risk-taking activities. There is clear accountability of risk ownership across the Group.

b) **Governance & Organisation:** A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies, methodologies/standards, and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively implemented.

c) **Risk Appetite:** It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

d) **Risk Management Process:**

- **Business Planning:** Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new products & business activities.
- **Risk Identification & Assessment:** Risks are systematically identified and assessed through the robust application of the Group's risk frameworks, policies, methodologies/standards and procedures.
- **Risk Measurement:** Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
- **Risk Management and Control:** Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- **Risk Monitoring and Reporting:** Risks on an individual, as well as on a portfolio basis, are regularly monitored and reported to ensure they remain within the Group's risk appetite.

e) **Risk Management Infrastructure**

- **Risk Frameworks, Policies, Methodologies/Standards and Procedures addressing all areas of material risks:** Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.

Risk Management Overview

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK (CONTINUED)

e) **Risk Management Infrastructure (continued)**

- **People:** Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.
- **Technology and Data:** Appropriate technology and sound data management support risk management activities.

RISK GOVERNANCE

At the apex of the governance structure are the respective Boards of entities within the Group, which decides on the entity's risk appetite corresponding to its business strategies. Each BRCC reports directly to the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the GRCC.

To facilitate the effective implementation of the Group EWRM framework, the BRCC has established various specialised/sub-risk committees within the Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of risk management supervision and control is delegated to the GRCC, which reports directly to the BRCC. The GRCC, comprising senior management of the Group, performs the oversight function for the overall management of risks. The GRCC is supported by specialised delegated/sub-risk committees, namely Group Credit Committee, Group Market and Conduct Risks Committee, Group Operational and Resiliency Risk Committee, Group Asset Liability Management Committee, Group Asset Quality Committee, Group Basel Steering Committee, Management Product Approval Committee for Treasury Products, and Management Product Approval Committee for Non-Treasury Products, each addressing one or more of the following:

(i) Credit risk, defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;

(ii) Market risk, defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;

(iii) Liquidity and Funding risk, defined as the current and potential risk to earnings, shareholders' funds or reputation arising from the inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;

(iv) Interest rate/rate of return risk in the banking book, which is the current and potential risk to the Group's earnings and economic value arising from movements in interest/profit rates;

(v) Operational risk, defined as the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. It includes legal risk but excludes strategic and Shariah non-compliance risks;

(vi) Capital risk, defined as the risk of a bank not having sufficient capital to withstand potential losses suffered in its operations. Capital is important as it can be used to repay depositors, customers, creditors, and other claimants in case there is insufficient liquidity during a crisis;

(vii) Technology risk, is the risk of loss resulting from inadequate or weaknesses in strategy, people, process, technology or external events, which includes financial risk, regulatory/compliance risk and the risk of reputational loss/damage;

(viii) Fraud risk, defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc. to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another;

(ix) Outsourcing risk, defined as the risk emanating from outsourcing arrangements that could result in a disruption to business operations, financial loss or reputational damage to the Group;

(x) SNC risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage which CIMB Group may suffer arising from failure to comply with Shariah requirements determined by SAC of BNM and SC, including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA; or decisions or advice by BSC of CIMB Islamic Bank; or other Shariah regulatory authorities of the jurisdictions where the Group operates;

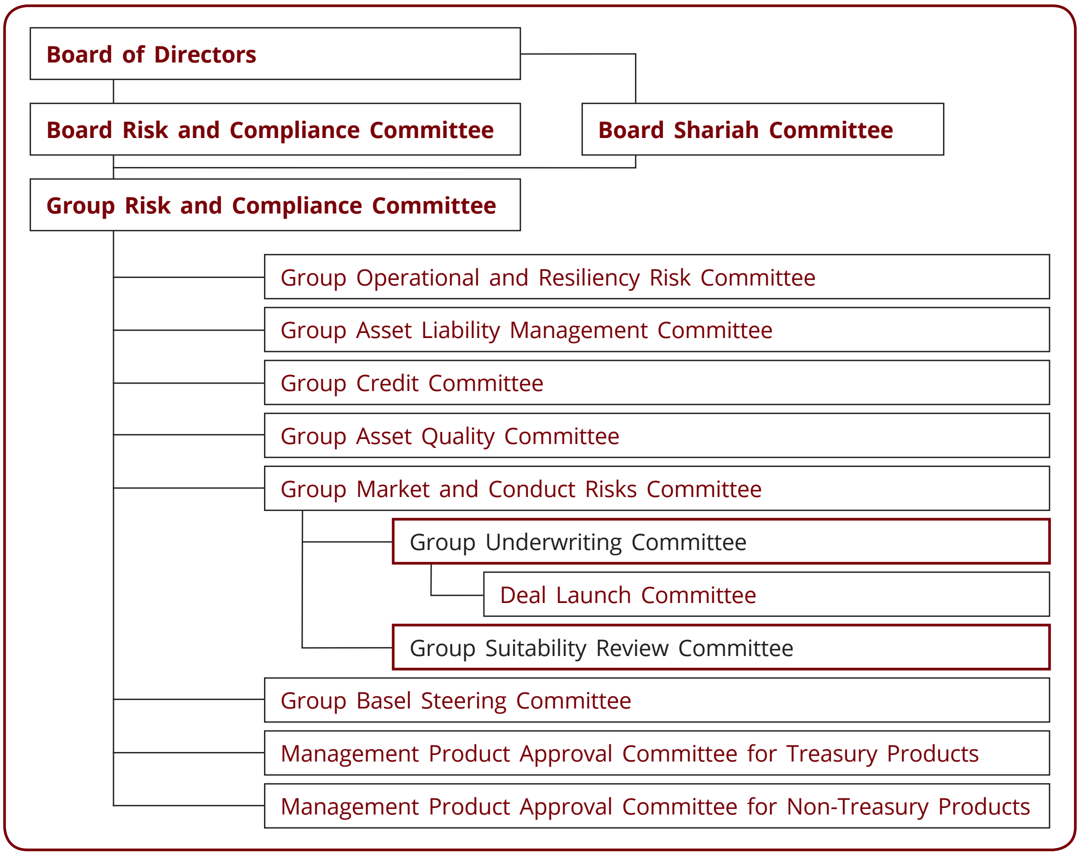
(xi) Sustainability risk, defined as the risk of financial and non-financial impact arising from environmental, social and ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group's own internal operations and employees; and

(xii) Regulatory compliance risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from possible failure to comply with the applicable laws and regulations of the jurisdictions in which the Group operates.

Risk Management Overview

RISK GOVERNANCE (CONTINUED)

The structure of CIMB Group Risk Committees is depicted in the following chart:



Our overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, Group and regional committees have consultative and advisory responsibilities on regional matters across the Group as regulators allow. This structure increases regional communication and sharing of technical knowledge and best practices. It further enhances support towards managing and responding to risk management issues, thus providing the Board with a comprehensive view of the activities within the Group.

In addition to the CIMB Group Risk Committees, the Group has established a Group Sustainability and Governance Committee ("GSGC") consisting of Independent Directors to assist the Board in fulfilling its responsibilities in advocating and fostering a culture/ DNA of sustainability, ethical conduct, and integrity across the Group.

Sustainability is also embedded in the roles and responsibilities of various Board Committees. To ensure information-symmetry and consensus across all Board Committees and entity boards, with regards to the direction and progress of the Group's sustainability and climate change strategy deliberated at the GSGC, selected GSGC members and business units such as Group Sustainability are responsible for providing relevant updates and inputs to the various Board Committees and entity boards on a periodic basis.

Risk Management Overview

THREE LINES-OF-DEFENCE

The Group's risk management culture is embodied through the adoption of the Three Lines-of-Defence philosophy, whereby risks are managed initially from the onset of risk-taking activities. This is to ensure clear accountability of risks across the Group and Group Risk as an enabler of business units. As a first line- of-defence, the line management (including key Business Pillars and Enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line-of-defence provides oversight and performs independent monitoring of business activities with reporting to the Board and management to ensure that the Group conducts business and operates within the approved appetite, and is in compliance with regulations. The third line-of-defence is Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

THE ROLES OF GROUP CRO AND GROUP RISK DIVISION

Within the second line-of-defence is Group Risk, a function independent of business units. It assists the Group's management and stakeholders in the monitoring and controlling of risk exposures within the Board-approved risk appetite statement.

Group Risk is headed by the Group CRO, appointed by the Board to lead the Group-wide risk management functions, including implementation of the Group EWRM framework. The Group CRO:

(a) actively engages the respective boards and senior management on risk management issues and initiatives; and

(b) maintains an oversight on risk management functions across all entities within the Group. In each key country of operations, there is a local CRO or a local Head of Risk Management, whose main functions are to assess and manage the enterprise risk and liaise with regulators in the respective countries.

The organisational structure of Group Risk is made up of two major components, namely the CRO and the Risk Centres of Excellence ("CoE"):

(A) CRO

(i) The Group CRO is supported by the CROs who oversee the risk management functions in overseas branches and banking subsidiaries.

(ii) CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview.

(iii) For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

(B) RISK CENTRES OF EXCELLENCE

(i) These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CROs in the various geographies.

(ii) The Risk CoEs consist of Asset Liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing and Fraud Risk Management), and Enterprise Risk and Infrastructure CoEs.

- **ASSET LIABILITY MANAGEMENT COE**

  The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement, monitoring and reporting of liquidity and funding risk and interest rate risk/rate of return risk in the banking book. It conducts regular stress testing on the Group's liquidity and interest rate risk/rate of return risk profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

- **CREDIT RISK COE**

  The Credit Risk CoE consists of Retail and Non-Retail credit risk and is dedicated to the assessment, measurement, management, monitoring and reporting of credit risk in the Group. The scope under the CoE function include areas ranging from development of credit risk policies, procedures and standards to advance portfolio analytics, and implementation of credit risk modelling (including rollout of alternative credit underwriting models leveraging on machine learning techniques for retail portfolios).

- **MARKET RISK COE**

  The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised through the review of treasury positions versus limits framework, performing mark-to-market valuation, validation of financial models, calculating Value-at-Risk and market risk capital, as well as performing stress testing.

Risk Management Overview

THE ROLES OF GROUP CRO AND GROUP RISK DIVISION (CONTINUED)

(B) RISK CENTRES OF EXCELLENCE (CONTINUED)

- **NON-FINANCIAL RISK MANAGEMENT COE**

  The Non-Financial Risk Management ("NFRM") CoE ensures the first line-of-defence manages their operational risk effectively by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks.

  The team also provides independent feedback and assessment to the first line-of-defence's execution of the operational risk framework and acts as a consultant within the Group in providing operational risk expertise and reporting to senior management.

  Shariah Risk Management ("SRM") unit within the NFRM CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and guidelines; as well as develops and implements processes for SNC risk awareness.

  NFRM CoE also extends its specialist risk oversight to cover Business Continuity Management, Fraud, Technology and Outsourcing risks.

- **ENTERPRISE RISK AND INFRASTRUCTURE COE**

  The Enterprise Risk and Infrastructure CoE ensures the Group's compliance to Basel and Single Counterparty Exposure Limit regulatory requirements, including Basel model and underwriting model development, implementation and validation of risk models, and management of risk data for credit risk measurement and risk reporting across the Group. In addition, the climate risk unit within the CoE is responsible for working with Group Sustainability, various risk CoEs and business units to implement climate risk management at an enterprise level, in support of the Group's 2050 net-zero ambition, which is to transition all operational and attributable greenhouse gas emissions from the Group's financing and investment portfolios in alignment with net-zero pathways by 2050.

Sustainability risk (including climate risk) is a transverse risk that manifests itself through existing risk types. Due to the cross-cutting nature of Sustainability risk, the implementation of Group-wide sustainability governance framework is currently spearheaded and managed by Group Sustainability as the Sustainability CoE, which sits outside of Group Risk. Notwithstanding this, Sustainability risk has been and will continue to be integrated into the Group's existing risk management frameworks.

STRATEGIES AND PROCESSES FOR VARIOUS RISK MANAGEMENT

Information on strategies and processes for Credit Risk, Market Risk, Operational Risk, Interest Rate Risk/Rate of Return Risk in the Banking Book and Sustainability Risk are available in the later sections.

Shariah Governance Disclosure

The Islamic business in CIMB Group is managed and overseen by the Group Islamic Banking (GIB). Its products and services are managed in strict compliance with Shariah under the guidance of CIMB Islamic Board Shariah Committee.

The Board of Directors of CIMB Group, CIMB Investment Bank Berhad, and CIMB Bank Berhad delegate and empower the Board of Directors of CIMB Islamic Bank Berhad to undertake the overall oversight function of the Islamic businesses and operations of the whole CIMB Group, which in turn delegates overseeing of the Shariah governance of Islamic businesses and activities in CIMB Group to CIMB's Board Shariah Committee established under CIMB Islamic Bank Berhad.

Whilst the Board of Directors is accountable for the overall Shariah governance and compliance of the Islamic businesses in CIMB Group, the Management is to ensure executions of business and operations are in accordance with Shariah principles and to provide necessary support to the Board Shariah Committee.

Shariah Advisory and Governance Department ("S&G") of GIB which is basically a component of the Management serves as a coordinator of the overall Shariah governance of the Islamic businesses in CIMB Group. S&G is responsible to carry out Shariah Advisory, Secretariat, Governance, Research and Islamic Finance Capacity Building functions, whilst Shariah Review, Shariah Risk Management and Shariah Audit functions are performed by CIMB Group Compliance, Group Risk and Group Corporate Assurance Division respectively.

CIMB Group operates on a dual banking leverage model that utilises the full resources and infrastructure of CIMB Group. Accordingly, all divisions and staff of CIMB Group are responsible for complying with Shariah in their respective Islamic business activities.

In ensuring Islamic business activities are Shariah compliant and Shariah governance process are in place, S&G is to conduct the pre-product approval process, provide Shariah advisory and conduct in-depth Shariah research prior submission to the Board Shariah Committee. It is supported by control measures by Shariah Risk Management, regular review by Shariah Compliance Review and independent assessment by Shariah Audit. In CIMB Group, the Shariah Risk Management, Shariah Review, and Shariah Audit functions reside in Group Risk Division, Group Compliance, and Group Corporate Assurance Division respectively.

SHARIAH NON-COMPLIANCE INCOME DURING THE YEAR

During the year ended 31 December 2023, there was RM 163,594.46 SNC income incurred under CIMB Islamic for Overcharged of Late Payment Charges ("LPC") in property auction sale and USD2,175.33 SNC income incurred under CIMB Bank for Non-Execution of Tawarruq Commodity Trading prior disbursement for Invoice Financing-i.

Capital Management

KEY CAPITAL MANAGEMENT PRINCIPLES

The key driving principles of CIMBGH Group's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the CIMBGH Group, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the Group Exco who periodically assess and review the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group are also provided to the Board of Directors.

Included in the annual Capital Management Plan is the establishment of the internal minimum capital adequacy target which is substantially above the minimum regulatory requirement. In establishing this internal capital adequacy target, the Group considers many critical factors, including, amongst others, phasing-in of the capital adequacy requirement and capital buffer requirements, credit rating implication, current and future operating environment and peer comparisons.

CAPITAL STRUCTURE AND ADEQUACY

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components)/Capital Adequacy Framework for Islamic Banks (Capital Components), of which the latest revisions were issued on 15 December 2023. The revised guidelines took effect on 15 December 2023 for all banking institutions and financial holding companies and sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the CIMB Bank Group (other than CIMB Bank PLC), CIMB Bank and CIMB Islamic Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets)/Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets), of which the latest revision was issued on 18 December 2023. The IRB Approach is applied for the major credit exposures. It prescribes two approaches, the F-IRB Approach and A-IRB Approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The risk-weighted assets of CIMB Investment Bank Group are computed in accordance with Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk based on the Capital Adequacy Framework (Basel II - Risk Weighted Assets). The components of eligible regulatory capital are based on the Capital Adequacy Framework (Capital Components).

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The tables below present the Capital Position of CIMBBG, CIMBISLG and CIMBIBG respectively.

TABLE 1(A): CAPITAL POSITION FOR CIMBBG

	CIMBBG	
(RM'000)	2023	2022
Common Equity Tier 1 capital		
Ordinary share capital	**23,039,242**	22,979,762
Other reserves	**29,387,832**	25,403,623
Qualifying non-controlling interests	**166,906**	163,682
Less: Proposed dividends	**(1,693,307)**	(980,868)
Common Equity Tier 1 capital before regulatory adjustments	**50,900,673**	47,566,199
Less: Regulatory adjustments		
Goodwill	**(3,951,297)**	(3,938,393)
Intangible assets	**(1,211,154)**	(1,155,311)
Deferred tax assets	**(1,501,457)**	(1,379,682)
Regulatory reserve	**(1,102,571)**	(417,996)
Others	**52,119**	79,367
Common Equity Tier 1 capital after regulatory adjustments	**43,186,313**	40,754,184
Additional Tier 1 capital		
Perpetual subordinated capital securities	**1,150,000**	1,750,000
Qualifying capital instruments held by third parties	**33,572**	33,305
Additional Tier 1 capital before regulatory adjustments	**1,183,572**	1,783,305
Less: Regulatory adjustments		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	**–**	–
Additional Tier 1 capital after regulatory adjustments	**1,183,572**	1,783,305
Total Tier 1 capital	**44,369,885**	42,537,489

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 1(A): CAPITAL POSITION FOR CIMBBG (CONTINUED)

	CIMBBG	
(RM'000)	**2023**	**2022**
Tier 2 capital		
Subordinated obligations	**8,400,000**	7,800,000
Qualifying capital instruments held by third parties	**273,950**	256,863
Surplus of eligible provisions over expected loss	**1,103,709**	1,011,769
General provisions	**784,481**	773,228
Tier 2 capital before regulatory adjustments	**10,562,140**	9,841,860
Less: Regulatory adjustments		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	**–**	–
Total Tier 2 capital after regulatory adjustments	**10,562,140**	9,841,860
Total capital	**54,932,025**	52,379,349
RWA		
Credit risk	**246,710,002**	230,486,378
Market risk	**17,336,146**	12,840,883
Large exposure risk requirement	**1,235,055**	1,194,330
Operational risk	**26,613,172**	24,673,585
Total RWA	**291,894,375**	269,195,176
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 ratio	**15.375%**	15.504%
Tier 1 ratio	**15.781%**	16.166%
Total Capital ratio	**19.399%**	19.822%
After deducting proposed dividend		
Common Equity Tier 1 ratio	**14.795%**	15.139%
Tier 1 ratio	**15.201%**	15.802%
Total Capital ratio	**18.819%**	19.458%

Total Capital ratio decreased in 2023 compared to 2022 primarily due to (i) higher RWA, (ii) FY2023 proposed dividend (iii) redemption of RM1.0 billion AT1 Capital Securities, (iv) redemption of RM700 million T2 Sub-debt; offset by (v) higher retained earnings (vi) issuance of RM400 million AT1 Sukuk, (vii) issuance of RM1.3 billion T2 Sukuk. The increase in RWA is mainly due to higher Credit RWA, Market RWA and Operational RWA.

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 1(B): CAPITAL POSITION FOR CIMBISLG

	CIMBISLG	
(RM'000)	2023	2022
Common Equity Tier 1 capital		
Ordinary share capital	**1,000,000**	1,000,000
Other reserves	**8,295,452**	7,306,291
Common Equity Tier 1 capital before regulatory adjustments	**9,295,452**	8,306,291
Less: Regulatory adjustments		
Goodwill	**(136,000)**	(136,000)
Intangible assets	**(3,283)**	(1,385)
Deferred tax assets	**(283,238)**	(188,997)
Regulatory reserve	**(210,633)**	(184,715)
Others	**477**	(112)
Common Equity Tier 1 capital after regulatory adjustments	**8,662,775**	7,795,082
Additional Tier 1 capital		
Perpetual preference shares	**350,000**	350,000
Additional Tier 1 capital before regulatory adjustments	**350,000**	350,000
Less: Regulatory adjustments	**–**	–
Additional Tier 1 capital after regulatory adjustments	**350,000**	350,000
Total Tier 1 capital	**9,012,775**	8,145,082
Tier 2 capital		
Subordinated Sukuk	**1,100,000**	1,100,000
Surplus of eligible provisions over expected loss	**167,724**	153,480
General provisions	**81,031**	83,450
Total Tier 2 capital	**1,348,755**	1,336,930
Total capital	**10,361,530**	9,482,012
RWA		
Credit risk	**60,587,492**	50,149,895
Market risk	**759,406**	586,305
Operational risk	**5,308,225**	4,784,999
Total RWA	**66,655,123**	55,521,199
Capital Adequacy Ratios		
Common Equity Tier 1 ratio	**12.996%**	14.040%
Tier 1 ratio	**13.522%**	14.670%
Total Capital ratio	**15.545%**	17.078%

Total Capital ratio decreased in 2023 compared to 2022 mainly due to (i) higher Total RWA; offset by (ii) higher retained earnings. The increase in RWA is mainly due to higher Credit RWA, Market RWA and Operational RWA.

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 1(C): CAPITAL POSITION FOR CIMBIBG

	CIMBIBG	
(RM'000)	**2023**	**2022**
Common Equity Tier 1 capital		
Ordinary share capital	**100,000**	100,000
Other reserves	**523,434**	495,742
Less: Proposed dividends	**(41,100)**	(17,720)
Common Equity Tier 1 capital before regulatory adjustments	**582,334**	578,022
Less: Regulatory adjustments		
Deferred tax assets	**(15,116)**	(14,642)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	**(5,449)**	(4,395)
Intangible assets	**(27,150)**	(30,063)
Common Equity Tier 1 capital after regulatory adjustments/total Tier 1 capital	**534,619**	528,922
RWA		
Credit risk	**94,580**	134,947
Market risk	**12,607**	24,341
Operational risk	**433,078**	399,559
Total RWA	**540,265**	558,847
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 ratio	**106.562%**	97.816%
Tier 1 ratio	**106.562%**	97.816%
Total Capital ratio	**106.562%**	97.816%
After deducting proposed dividend		
Common Equity Tier 1 ratio	**98.955%**	94.645%
Tier 1 ratio	**98.955%**	94.645%
Total Capital ratio	**98.955%**	94.645%

Total Capital ratio increased in 2023 compared to 2022 mainly due to higher retained earnings and lower RWA arising from lower Credit RWA and lower Market RWA.

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

The tables below show the RWA under various exposure classes under the relevant approach and applying the minimum regulatory capital requirement at 8% to establish the minimum capital required for each of the exposure classes:

TABLE 2(A): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBBG

2023	CIMBBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	110,844,973	110,844,973	715,464	715,464	57,237
Public Sector Entities	12,673,652	12,673,589	65,221	65,221	5,218
Banks, DFIs & MDBs	2,613,785	2,613,785	1,079,827	1,079,827	86,386
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	4,978,444	4,118,777	2,743,494	2,743,494	219,479
Corporate	36,204,706	31,264,501	26,637,404	26,453,287	2,116,263
Regulatory Retail	28,422,245	27,284,247	16,449,287	15,933,684	1,274,695
Residential Mortgages/RRE Financing	17,023,022	17,022,283	8,473,214	8,429,147	674,332
Higher Risk Assets	1,719,237	1,719,237	2,578,855	2,578,855	206,308
Other Assets	18,569,547	18,569,547	4,677,590	4,677,590	374,207
Securitisation	409,415	409,415	81,883	81,883	6,551
Equity Exposure	60	60	60	60	5
Total for SA	233,459,086	226,520,414	63,502,299	62,758,512	5,020,681
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	39,240,991	39,240,991	7,328,590	7,328,590	586,287
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	161,405,050	161,405,050	100,670,666	99,553,865	7,964,309
Residential Mortgages/RRE Financing	115,911,067	115,911,067	31,321,040	30,791,946	2,463,356
Qualifying Revolving Retail	14,405,532	14,405,532	7,855,162	7,855,162	628,413
Hire Purchase	23,612,853	23,612,853	19,792,359	11,846,779	947,742
Other Retail	60,456,904	60,456,904	16,179,464	16,162,799	1,293,024
Securitisation	–	–	–	–	–
Total for IRB Approach	415,032,398	415,032,398	183,147,281	173,539,142	13,883,131
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	648,491,483	641,552,812	257,638,417	246,710,002	19,736,800
Large Exposure Risk Requirement	1,235,055	1,235,055	1,235,055	1,235,055	98,804
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			15,297,399	15,297,399	1,223,792
Foreign Currency Risk			1,153,832	1,153,832	92,307
Equity Risk			239,162	239,162	19,133
Commodity Risk			99,599	99,599	7,968
Options Risk			546,154	546,154	43,692
Total Market Risk			17,336,146	17,336,146	1,386,892
Operational Risk (BIA)			26,613,172	26,613,172	2,129,054
Total RWA and Capital Requirement			302,822,790	291,894,375	23,351,550

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(A)(I): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBBG'S ISLAMIC BANKING WINDOW

2023	CIMBBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	25,751,378	25,751,378	–	–	–
Public Sector Entities	12,653,910	12,653,910	61,285	61,285	4,903
Banks, DFIs & MDBs	10	10	2	2	0
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	3,494	3,494	3,494	3,494	280
Corporate	4,792,661	4,735,796	2,738,645	2,554,527	204,362
Regulatory Retail	9,850,510	9,760,705	5,246,682	4,731,079	378,486
Residential Mortgages/RRE Financing	443,055	443,055	225,091	181,024	14,482
Higher Risk Assets	–	–	–	–	–
Other Assets	246,492	246,492	245,628	245,628	19,650
Securitisation	15,354	15,354	3,071	3,071	246
Equity Exposure	–	–	–	–	–
Total for SA	53,756,863	53,610,193	8,523,898	7,780,110	622,409
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	2,859,459	2,859,459	468,921	468,921	37,514
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	39,250,536	39,250,536	24,886,319	23,769,518	1,901,561
Residential Mortgages/RRE Financing	44,113,021	44,113,021	15,332,827	14,803,734	1,184,299
Qualifying Revolving Retail	597,995	597,995	392,346	392,346	31,388
Hire Purchase	18,061,019	18,061,019	15,501,250	7,555,670	604,454
Other Retail	31,660,503	31,660,503	7,135,494	7,118,829	569,506
Securitisation	–	–	–	–	–
Total for IRB Approach	136,542,532	136,542,532	63,717,157	54,109,018	4,328,721
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	190,299,395	190,152,725	76,064,084	65,135,668	5,210,853
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			–	–	–
Foreign Currency Risk			–	–	–
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			–	–	–
Operational Risk (BIA)			–	–	–
Total RWA and Capital Requirement			76,064,084	65,135,668	5,210,853

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(A): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBBG (CONTINUED)

2022	CIMBBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	107,983,552	107,983,552	719,250	719,250	57,540
Public Sector Entities	12,695,143	12,695,082	631,127	631,127	50,490
Banks, DFIs & MDBs	2,372,276	2,372,276	1,115,074	1,115,074	89,206
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	7,709,205	6,295,191	4,904,741	4,904,741	392,379
Corporate	32,651,435	28,338,745	24,837,541	24,754,101	1,980,328
Regulatory Retail	27,920,930	26,148,431	15,917,168	15,806,845	1,264,548
Residential Mortgages/RRE Financing	14,075,772	14,074,878	6,828,678	6,828,647	546,292
Higher Risk Assets	1,672,370	1,672,370	2,508,555	2,508,555	200,684
Other Assets	21,494,564	21,494,564	4,508,869	4,508,869	360,710
Securitisation	404,626	404,626	80,925	80,925	6,474
Equity Exposure	72	72	72	72	6
Total for SA	228,979,945	221,479,788	62,052,001	61,858,207	4,948,657
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	36,305,072	36,305,072	9,624,249	9,624,249	769,940
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	144,126,275	144,126,275	93,577,669	92,746,461	7,419,717
Residential Mortgages/RRE Financing	106,926,643	106,926,643	23,988,660	23,686,316	1,894,905
Qualifying Revolving Retail	12,995,004	12,995,004	6,653,756	6,653,756	532,300
Hire Purchase	21,133,582	21,133,582	15,982,460	10,969,849	877,588
Other Retail	62,515,327	62,515,327	15,409,338	15,402,550	1,232,204
Securitisation	–	–	–	–	–
Total for IRB Approach	384,001,902	384,001,902	165,236,131	159,083,180	12,726,654
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	612,981,848	605,481,690	237,202,301	230,486,378	18,438,910
Large Exposure Risk Requirement	1,194,330	1,194,330	1,194,330	1,194,330	95,546
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			11,233,121	11,233,121	898,650
Foreign Currency Risk			718,563	718,563	57,485
Equity Risk			152,339	152,339	12,187
Commodity Risk			125,201	125,201	10,016
Options Risk			611,659	611,659	48,933
Total Market Risk			12,840,883	12,840,883	1,027,271
Operational Risk (BIA)			24,673,585	24,673,585	1,973,887
Total RWA and Capital Requirement			275,911,099	269,195,176	21,535,614

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(A)(I): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBBG'S ISLAMIC BANKING WINDOW (CONTINUED)

2022	CIMBBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	26,246,665	26,246,665	–	–	–
Public Sector Entities	12,686,935	12,686,935	629,498	629,498	50,360
Banks, DFIs & MDBs	20	20	4	4	0
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	283	283	283	283	23
Corporate	3,585,636	3,537,046	2,115,122	2,031,682	162,535
Regulatory Retail	9,216,348	8,527,432	4,820,925	4,710,602	376,848
Residential Mortgages/RRE Financing	366,135	366,135	181,366	181,335	14,507
Higher Risk Assets	–	–	–	–	–
Other Assets	347,779	347,779	346,827	346,827	27,746
Securitisation	–	–	–	–	–
Equity Exposure	–	–	–	–	–
Total for SA	52,449,801	51,712,296	8,094,025	7,900,231	632,018
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	1,663,914	1,663,914	422,704	422,704	33,816
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	32,929,741	32,929,741	20,078,974	19,247,766	1,539,821
Residential Mortgages/RRE Financing	36,015,389	36,015,389	10,262,367	9,960,023	796,802
Qualifying Revolving Retail	337,649	337,649	207,343	207,343	16,587
Hire Purchase	15,415,504	15,415,504	11,882,046	6,869,436	549,555
Other Retail	32,702,124	32,702,124	6,834,461	6,827,673	546,214
Securitisation	–	–	–	–	–
Total for IRB Approach	119,064,320	119,064,320	49,687,896	43,534,944	3,482,796
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	171,514,121	170,776,616	60,763,195	54,047,272	4,323,782
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			–	–	–
Foreign Currency Risk			–	–	–
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			–	–	–
Operational Risk (BIA)			–	–	–
Total RWA and Capital Requirement			60,763,195	54,047,272	4,323,782

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(B): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBISLG

2023	CIMBISLG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	25,751,378	25,751,378	–	–	–
Public Sector Entities	3,075,973	3,075,973	45,698	45,698	3,656
Banks, DFIs & MDBs	10	10	2	2	0
Takaful Operators, Securities Firms & Fund Managers	0	0	0	0	0
Corporate	3,818,276	3,762,831	2,216,560	2,032,443	162,595
Regulatory Retail	8,364,728	8,274,923	4,490,227	3,974,624	317,970
RRE Financing	443,055	443,055	225,091	181,024	14,482
Higher Risk Assets	–	–	–	–	–
Other Assets	246,492	246,492	245,628	245,628	19,650
Securitisation	15,354	15,354	3,071	3,071	246
Total for SA	41,715,266	41,570,015	7,226,277	6,482,489	518,599
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	2,831,380	2,831,380	487,103	487,103	38,968
Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	34,734,272	34,734,272	23,165,913	20,684,774	1,654,782
RRE Financing	44,113,021	44,113,021	15,332,827	14,803,734	1,184,299
Qualifying Revolving Retail	597,995	597,995	392,346	392,346	31,388
Hire Purchase	18,061,019	18,061,019	15,501,250	7,555,670	604,454
Other Retail	31,660,503	31,660,503	7,135,494	7,118,829	569,506
Securitisation	–	–	–	–	–
Total for IRB Approach	131,998,189	131,998,189	62,014,933	51,042,455	4,083,396
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	173,713,454	173,568,204	72,962,105	60,587,492	4,846,999
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Benchmark Rate Risk			617,211	617,211	49,377
Foreign Currency Risk			141,987	141,987	11,359
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			208	208	17
Total Market Risk			759,406	759,406	60,752
Operational Risk (BIA)			5,308,225	5,308,225	424,658
Total RWA and Capital Requirement			79,029,736	66,655,123	5,332,409

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(B): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBISLG (CONTINUED)

2022	CIMBISLG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	26,237,445	26,237,445	–	–	–
Public Sector Entities	3,108,358	3,108,358	113,783	113,783	9,103
Banks, DFIs & MDBs	20	20	4	4	0
Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	3,173,432	3,125,372	1,886,220	1,802,780	144,222
Regulatory Retail	8,215,933	7,527,105	4,341,584	4,231,261	338,501
RRE Financing	366,135	366,135	181,366	181,335	14,507
Higher Risk Assets	–	–	–	–	–
Other Assets	347,779	347,779	346,827	346,827	27,746
Securitisation	–	–	–	–	–
Total for SA	41,449,102	40,712,214	6,869,783	6,675,989	534,079
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	2,016,779	2,016,779	481,440	481,440	38,515
Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	30,082,782	30,082,782	19,013,017	16,667,205	1,333,376
RRE Financing	36,015,389	36,015,389	10,262,367	9,960,023	796,802
Qualifying Revolving Retail	337,649	337,649	207,343	207,343	16,587
Hire Purchase	15,415,504	15,415,504	11,882,046	6,869,436	549,555
Other Retail	32,702,124	32,702,124	6,834,461	6,827,673	546,214
Securitisation	–	–	–	–	–
Total for IRB Approach	116,570,226	116,570,226	48,680,674	41,013,119	3,281,050
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	158,019,328	157,282,440	58,471,298	50,149,895	4,011,992
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Benchmark Rate Risk			528,794	528,794	42,303
Foreign Currency Risk			57,512	57,512	4,601
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			586,305	586,305	46,904
Operational Risk (BIA)			4,784,999	4,784,999	382,800
Total RWA and Capital Requirement			63,842,602	55,521,199	4,441,696

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(C): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBIBG

2023	CIMBIBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	451,626	451,626	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	157,782	157,782	43,201	43,201	3,456
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	16,139	16,139	16,139	16,139	1,291
Regulatory Retail	–	–	–	–	–
Residential Mortgages	–	–	–	–	–
Higher Risk Assets	–	–	–	–	–
Other Assets	35,256	35,256	35,240	35,240	2,819
Securitisation	–	–	–	–	–
Total Credit Risk	660,803	660,803	94,580	94,580	7,566
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Interest Rate Risk			–	–	–
Foreign Currency Risk			12,607	12,607	1,009
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			12,607	12,607	1,009
Operational Risk (BIA)			433,078	433,078	34,646
Total RWA and Capital Requirement			540,265	540,265	43,221

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(C)(I): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBIBG'S ISLAMIC BANKING WINDOW

2023	CIMBIBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	10,013	10,013	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	84,650	84,650	16,957	16,957	1,357
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	67	67	67	67	5
Regulatory Retail	–	–	–	–	–
Residential Mortgages	–	–	–	–	–
Higher Risk Assets	–	–	–	–	–
Other Assets	1,277	1,277	1,277	1,277	102
Securitisation	–	–	–	–	–
Total Credit Risk	96,007	96,007	18,301	18,301	1,464
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Interest Rate Risk			–	–	–
Foreign Currency Risk			–	–	–
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			–	–	–
Operational Risk (BIA)			71,668	71,668	5,733
Total RWA and Capital Requirement			89,969	89,969	7,197

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(C): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBIBG (CONTINUED)

2022	CIMBIBG				
(RM'000) Exposure Class	**Gross Exposure before CRM (SA)**	**Net Exposure after CRM (SA)**	**RWA**	**Total RWA after effects of PSIA**	**Minimum capital requirement at 8%**
Credit Risk (SA)					
Sovereign/Central Banks	110,125	110,125	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	211,004	211,004	47,417	47,417	3,793
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	50,698	50,698	50,698	50,698	4,056
Regulatory Retail	–	–	–	–	–
Residential Mortgages	–	–	–	–	–
Higher Risk Assets	–	–	–	–	–
Other Assets	36,837	36,837	36,832	36,832	2,947
Securitisation	–	–	–	–	–
Total Credit Risk	408,664	408,664	134,947	134,947	10,796
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Interest Rate Risk			500	500	40
Foreign Currency Risk			23,840	23,840	1,907
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			24,341	24,341	1,947
Operational Risk (BIA)			399,559	399,559	31,965
Total RWA and Capital Requirement			558,847	558,847	44,708

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(C)(I): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBIBG'S ISLAMIC BANKING WINDOW (CONTINUED)

2022	CIMBIBG				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	10,019	10,019	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	82,867	82,867	16,596	16,596	1,328
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	207	207	207	207	17
Regulatory Retail	–	–	–	–	–
Residential Mortgages	–	–	–	–	–
Higher Risk Assets	–	–	–	–	–
Other Assets	1,899	1,899	1,899	1,899	152
Securitisation	–	–	–	–	–
Total Credit Risk	94,993	94,993	18,702	18,702	1,496
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Interest Rate Risk			–	–	–
Foreign Currency Risk			–	–	–
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			–	–	–
Operational Risk (BIA)			55,233	55,233	4,419
Total RWA and Capital Requirement			73,935	73,935	5,915

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

The Group has in place an EWRM framework that aligns ICAAP requirements into the Group's risk management and control activities. The coverage of ICAAP includes the following:

a) Assessing the risk profile of the bank.
b) Assessing the capital adequacy and capital management strategies.
c) Monitoring compliance with regulatory requirement on capital adequacy.
d) Reporting to management and regulator on ICAAP.
e) Governance and independent review.

The full ICAAP cycle, from initial planning to regulatory submission and independent review, involves close coordination among the risk, capital and finance functions together and business and support divisions. In line with BNM's guidelines on RWCAF (Basel II) – ICAAP (Pillar 2) and CAFIB – ICAAP (Pillar 2), the Group submits its ICAAP report to the BRCC for approval and the Board for notification.

Credit Risk

Credit risk is defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance, as well as commitments to support clients' obligations to third parties, e.g. guarantees or kafalah contracts. In derivatives, sales and trading activities, credit risk arises from the possibility that the Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

CREDIT RISK MANAGEMENT

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the Three Lines-of-Defence model on risk management where risks are managed initially from the onset of risk-taking activities, the Group implemented the risk-based delegated authority framework. This promotes clarity of risk accountability whereby the business unit, being the first line-of-defence, manages risk in a proactive manner with Group Risk being independent from the business units, functions as the second line-of-defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to specific individuals.

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial and private banking loans/financing, credit applications are independently evaluated by the Credit Risk (Non-Retail) CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units' officers are delegated with credit approving authority to approve low value credit facilities. In addition, for loan/financing to sectors and clients that are exposed to high environmental and social risks, the Sustainability CoE conducts due diligence from an environmental and social point of view. For retail loans/financing, Consumer Credit Operations evaluates and approves the credit applications according to the designated delegated authority; higher loan/financing limits will be approved by joint delegated authorities or relevant committees.

The GRCC, with the support of Group Credit Committee, Group Asset Quality Committee, other relevant credit committees as well as Group Risk, is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This, amongst others, includes reviewing and analysing portfolio trends, asset quality, watch-list reporting and policy reviews. It is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with country sector limit, single customer and country and global counterparty limits, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual. In view of the tightening regulations around climate change and to support the Group's Net Zero commitment by 2050, a climate overlay focusing on sector sensitivity to transition risks (which references the Transition Risk Heatmap developed under United Nations Environment Program Finance Initiative) was integrated by Group Sustainability into Group Risk's Country Sector Limit Methodology for 2023. In order to ensure sustainability considerations are accounted for in the early stages of business planning, an overall sustainability rating was also developed and applied alongside other risk factors as part of the Risk Posture setting for 2023 to set the high level risk direction for the Group and its entities before the formal budget process starts.

Adherence to the above established credit limits is monitored daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. For retail products, portfolio limits are monitored monthly by Group Risk.

Credit Risk

CREDIT RISK MANAGEMENT (CONTINUED)

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors is made available.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to the GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions, including recovery actions, if required.

The Group recognises that our financing activities may have an impact on the environment and society and such impact may in turn result in potential financial and reputational risks to the Group. Our sustainable financing approach integrates environmental, social and economic/ethical considerations, including climate-related physical and transition risks, into our credit risk assessment process for our financing practices and capital raising transactions, whereby clients and transactions identified to have high sustainability risk or potential concern are subject to a structured due diligence and escalation process. Refer to the section on Sustainability Risk for further details.

The Group quantifies credit concentration risk by leveraging on the credit VaR engine, CreditMetrics. Using the CreditMetrics approach, the portfolio's Value at Risk is estimated after taking into account effects of portfolio diversification across obligors and sectors. Hence, the risk computed covers both default/credit migration risk as well as credit concentration risk (single name and sector concentration).

Credit Risk

SUMMARY OF CREDIT EXPOSURES

I) GROSS CREDIT EXPOSURES BY GEOGRAPHIC DISTRIBUTION

The geographic distribution is based on the country in which the portfolio is geographically managed.

The following tables represent the Group's credit exposures by geographic region:

TABLE 3(A): GEOGRAPHIC DISTRIBUTION OF CREDIT EXPOSURES FOR CIMBBG

(RM'000)	CIMBBG				
Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
2023					
Sovereign	**85,251,310**	**13,850,888**	**10,752,304**	**990,471**	**110,844,973**
PSE	**12,673,652**	**–**	**–**	**–**	**12,673,652**
Bank	**25,646,345**	**2,983,782**	**8,301,352**	**4,923,298**	**41,854,777**
Corporate	**131,683,342**	**42,331,142**	**20,923,933**	**7,649,783**	**202,588,199**
Mortgage/RRE Financing	**108,953,242**	**9,564,758**	**14,416,089**	**–**	**132,934,090**
HPE	**23,612,853**	**–**	**–**	**–**	**23,612,853**
QRRE	**11,413,977**	**2,991,556**	**–**	**–**	**14,405,532**
Other Retail	**72,310,713**	**8,210,961**	**6,630,653**	**1,726,821**	**88,879,148**
Other Exposures	**6,198,649**	**891,615**	**10,330,068**	**3,277,927**	**20,698,259**
Total Gross Credit Exposure	**477,744,083**	**80,824,702**	**71,354,399**	**18,568,300**	**648,491,483**
2022					
Sovereign	83,979,788	11,127,085	11,991,018	885,660	107,983,552
PSE	12,695,143	–	–	–	12,695,143
Bank	20,770,792	2,172,262	11,175,820	4,558,474	38,677,348
Corporate	119,026,259	35,174,369	21,914,434	8,371,854	184,486,916
Mortgage/RRE Financing	100,503,337	8,271,799	12,227,279	–	121,002,414
HPE	21,133,582	–	–	–	21,133,582
QRRE	10,449,795	2,545,208	–	–	12,995,004
Other Retail	74,995,107	7,542,832	6,184,721	1,713,597	90,436,257
Other Exposures	7,165,321	720,358	13,995,259	1,690,695	23,571,633
Total Gross Credit Exposure	450,719,123	67,553,913	77,488,531	17,220,280	612,981,848

Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

I) GROSS CREDIT EXPOSURES BY GEOGRAPHIC DISTRIBUTION (CONTINUED)

TABLE 3(B): GEOGRAPHIC DISTRIBUTION OF CREDIT EXPOSURES FOR CIMBISLG

	CIMBISLG				
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
2023					
Sovereign	**25,751,378**	**–**	**–**	**–**	**25,751,378**
PSE	**3,075,973**	**–**	**–**	**–**	**3,075,973**
Bank	**2,831,390**	**–**	**–**	**–**	**2,831,390**
Corporate	**38,552,548**	**–**	**–**	**–**	**38,552,548**
RRE Financing	**44,556,075**	**–**	**–**	**–**	**44,556,075**
HPE	**18,061,019**	**–**	**–**	**–**	**18,061,019**
QRRE	**597,995**	**–**	**–**	**–**	**597,995**
Other Retail	**40,025,231**	**–**	**–**	**–**	**40,025,231**
Other Exposures	**261,846**	**–**	**–**	**–**	**261,846**
Total Gross Credit Exposure	**173,713,454**	**–**	**–**	**–**	**173,713,454**
2022					
Sovereign	26,237,445	–	–	–	26,237,445
PSE	3,108,358	–	–	–	3,108,358
Bank	2,016,799	–	–	–	2,016,799
Corporate	33,256,213	–	–	–	33,256,213
RRE Financing	36,381,523	–	–	–	36,381,523
HPE	15,415,504	–	–	–	15,415,504
QRRE	337,649	–	–	–	337,649
Other Retail	40,918,057	–	–	–	40,918,057
Other Exposures	347,779	–	–	–	347,779
Total Gross Credit Exposure	158,019,328	–	–	–	158,019,328

Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

I) GROSS CREDIT EXPOSURES BY GEOGRAPHIC DISTRIBUTION (CONTINUED)

TABLE 3(C): GEOGRAPHIC DISTRIBUTION OF CREDIT EXPOSURES FOR CIMBIBG

	CIMBIBG				
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
2023					
Sovereign	**451,626**	**–**	**–**	**–**	**451,626**
Bank	**–**	**–**	**–**	**–**	**–**
Corporate	**157,782**	**–**	**–**	**–**	**157,782**
Mortgage	**16,139**	**–**	**–**	**–**	**16,139**
HPE	**–**	**–**	**–**	**–**	**–**
QRRE	**–**	**–**	**–**	**–**	**–**
Other Retail	**–**	**–**	**–**	**–**	**–**
Other Exposures	**35,256**	**–**	**–**	**–**	**35,256**
Total Gross Credit Exposure	**660,803**	**–**	**–**	**–**	**660,803**
2022					
Sovereign	110,125	–	–	–	110,125
Bank	211,004	–	–	–	211,004
Corporate	50,698	–	–	–	50,698
Mortgage	–	–	–	–	–
HPE	–	–	–	–	–
QRRE	–	–	–	–	–
Other Retail	–	–	–	–	–
Other Exposures	36,837	–	–	–	36,837
Total Gross Credit Exposure	408,664	–	–	–	408,664

Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

II) GROSS CREDIT EXPOSURES BY SECTOR

The following tables represent the Group's credit exposures analysed by sector:

TABLE 4(A): DISTRIBUTION OF CREDIT EXPOSURES BY SECTOR FOR CIMBBG

	CIMBBG											
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
2023												
Sovereign	**-**	**-**	**-**	**858,191**	**8,950,061**	**-**	**6,692,044**	**17,190,371**	**73,349,888**	**-**	**3,804,418**	**110,844,973**
PSE	**32,277**	**-**	**-**	**-**	**-**	**-**	**-**	**55,790**	**12,585,459**	**-**	**126**	**12,673,652**
Bank	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41,203,078**	**651,699**	**-**	**-**	**41,854,777**
Corporate	**7,872,764**	**8,310,221**	**19,870,438**	**15,283,412**	**16,436,560**	**27,362,344**	**18,432,292**	**63,589,538**	**10,238,980**	**7,981,989**	**7,209,661**	**202,588,199**
Mortgage/RRE Financing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**132,934,090**	**-**	**132,934,090**
HPE	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23,612,853**	**-**	**23,612,853**
QRRE	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,405,532**	**-**	**14,405,532**
Other Retail	**239,878**	**38,738**	**1,988,457**	**46,231**	**1,151,601**	**5,458,140**	**548,767**	**4,418,137**	**864,466**	**74,124,734**	**-**	**88,879,148**
Other Exposures	**0**	**-**	**1,739**	**292,695**	**-**	**25**	**24,725**	**423,909**	**855,338**	**-**	**19,099,829**	**20,698,259**
Total Gross Credit Exposure	**8,144,919**	**8,348,959**	**21,860,634**	**16,480,528**	**26,538,222**	**32,820,509**	**25,697,828**	**126,880,822**	**98,545,831**	**253,059,197**	**30,114,034**	**648,491,483**
2022												
Sovereign	-	-	-	475,629	7,800,967	-	5,649,263	25,759,316	64,970,302	-	3,328,075	107,983,552
PSE	3,128	-	-	-	-	-	-	52,058	12,639,847	-	110	12,695,143
Bank	-	-	-	-	-	-	-	37,767,489	909,859	-	-	38,677,348
Corporate	7,702,279	7,775,657	19,013,616	12,598,273	15,060,206	24,045,430	15,179,618	57,634,908	11,278,300	7,172,178	7,026,450	184,486,916
Mortgage/RRE Financing	-	-	-	-	-	-	-	-	-	121,002,414	-	121,002,414
HPE	-	-	-	-	-	-	-	-	-	21,133,582	-	21,133,582
QRRE	-	-	-	-	-	-	-	-	-	12,995,004	-	12,995,004
Other Retail	245,314	40,935	1,882,584	50,283	1,072,365	4,903,591	517,644	4,219,839	834,759	76,668,943	-	90,436,257
Other Exposures	-	-	1,982	325,684	-	162	3,409	519,324	742,215	-	21,978,856	23,571,633
Total Gross Credit Exposure	7,950,720	7,816,592	20,898,182	13,449,870	23,933,538	28,949,183	21,349,935	125,952,933	91,375,283	238,972,120	32,333,491	612,981,848

* *Others are exposures which are not elsewhere classified.*

Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

II) GROSS CREDIT EXPOSURES BY SECTOR (CONTINUED)

TABLE 4(B): DISTRIBUTION OF CREDIT EXPOSURES BY SECTOR FOR CIMBISLG

	CIMBISLG											
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Islamic Finance, Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
2023												
Sovereign	**-**	**-**	**-**	**554,348**	**2,665,430**	**-**	**2,082,796**	**11,038,390**	**8,298,913**	**-**	**1,111,499**	**25,751,378**
PSE	**18,718**	**-**	**-**	**-**	**-**	**-**	**-**	**55,343**	**3,001,912**	**-**	**-**	**3,075,973**
Bank	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,831,390**	**-**	**-**	**-**	**2,831,390**
Corporate	**3,505,964**	**1,719,101**	**4,075,980**	**2,322,110**	**4,954,247**	**5,041,871**	**5,233,242**	**10,918,755**	**758,176**	**10,126**	**12,975**	**38,552,548**
RRE Financing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**44,556,075**	**-**	**44,556,075**
HPE	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,061,019**	**-**	**18,061,019**
QRRE	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**597,995**	**-**	**597,995**
Other Retail	**103,345**	**13,665**	**1,014,750**	**23,186**	**517,243**	**3,186,525**	**295,897**	**1,679,902**	**381,245**	**32,799,600**	**9,874**	**40,025,231**
Other Exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**261,846**	**261,846**
Total Gross Credit Exposure	**3,628,027**	**1,732,766**	**5,090,730**	**2,899,644**	**8,136,920**	**8,228,396**	**7,611,934**	**26,523,781**	**12,440,246**	**96,024,815**	**1,396,195**	**173,713,454**
2022												
Sovereign	–	–	–	297,876	2,107,385	–	1,318,125	15,800,042	5,579,538	–	1,134,478	26,237,445
PSE	–	–	–	–	–	–	–	51,896	3,056,463	–	–	3,108,358
Bank	–	–	–	–	–	–	–	2,016,799	–	–	–	2,016,799
Corporate	3,227,631	1,563,125	3,546,178	1,150,795	4,461,863	3,391,860	4,783,244	10,304,167	799,289	10,126	17,934	33,256,213
RRE Financing	–	–	–	–	–	–	–	–	–	36,381,523	–	36,381,523
HPE	–	–	–	–	–	–	–	–	–	15,415,504	–	15,415,504
QRRE	–	–	–	–	–	–	–	–	–	337,649	–	337,649
Other Retail	88,322	12,966	880,673	24,018	416,120	2,505,333	237,380	1,525,536	335,881	34,877,499	14,329	40,918,057
Other Exposures	–	–	–	–	–	–	–	–	–	–	347,779	347,779
Total Gross Credit Exposure	3,315,953	1,576,091	4,426,851	1,472,689	6,985,368	5,897,194	6,338,750	29,698,439	9,771,170	87,022,301	1,514,520	158,019,328

Note: *All sectors above are Shariah compliant.*
* *Others are exposures which are not elsewhere classified.*

Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

II) GROSS CREDIT EXPOSURES BY SECTOR (CONTINUED)

TABLE 4(C): DISTRIBUTION OF CREDIT EXPOSURES BY SECTOR FOR CIMBIBG

	CIMBIBG											
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
2023												
Sovereign	-	-	-	40,227	15,969	-	102,299	150,065	143,065	-	-	451,626
Bank	-	-	-	-	-	-	-	157,402	-	-	380	157,782
Corporate	-	-	-	-	-	-	-	16,137	-	-	2	16,139
Mortgage	-	-	-	-	-	-	-	-	-	-	-	-
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	-	-	-
Other Exposures	-	-	-	-	-	-	-	-	-	-	35,256	35,256
Total Gross Credit Exposure	-	-	-	40,227	15,969	-	102,299	323,604	143,065	-	35,637	660,803
2022												
Sovereign	-	-	-	-	-	-	-	110,125	-	-	-	110,125
Bank	-	-	-	-	-	-	-	210,575	-	-	429	211,004
Corporate	-	-	-	-	-	-	-	6,853	-	-	43,845	50,698
Mortgage	-	-	-	-	-	-	-	-	-	-	-	-
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	-	-	-
Other Exposures	-	-	-	-	-	-	-	-	-	-	36,837	36,837
Total Gross Credit Exposure	-	-	-	-	-	-	-	327,553	-	-	81,111	408,664

* *Others are exposures which are not elsewhere classified.*

Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

III) GROSS CREDIT EXPOSURES BY RESIDUAL CONTRACTUAL MATURITY

The following tables represent the Group's credit exposures analysed by residual contractual maturity:

TABLE 5(A): DISTRIBUTION OF CREDIT EXPOSURES BY RESIDUAL CONTRACTUAL MATURITY FOR CIMBBG

	CIMBBG			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
2023				
Sovereign	**28,485,292**	**26,509,148**	**55,850,533**	**110,844,973**
PSE	**86,857**	**1,291,472**	**11,295,323**	**12,673,652**
Bank	**23,542,425**	**14,279,379**	**4,032,973**	**41,854,777**
Corporate	**60,545,539**	**81,804,444**	**60,238,216**	**202,588,199**
Mortgage/RRE Financing	**155,735**	**875,237**	**131,903,118**	**132,934,090**
HPE	**162,675**	**5,702,759**	**17,747,419**	**23,612,853**
QRRE	**14,405,532**	**–**	**–**	**14,405,532**
Other Retail	**6,337,613**	**10,189,099**	**72,352,436**	**88,879,148**
Other Exposures	**10,696,855**	**330,606**	**9,670,798**	**20,698,259**
Total Gross Credit Exposure	**144,418,523**	**140,982,144**	**363,090,816**	**648,491,483**
2022				
Sovereign	37,348,857	23,436,685	47,198,010	107,983,552
PSE	250,597	1,146,546	11,298,000	12,695,143
Bank	21,315,377	14,400,241	2,961,729	38,677,348
Corporate	57,109,933	68,533,619	58,843,364	184,486,916
Mortgage/RRE Financing	231,158	873,074	119,898,182	121,002,414
HPE	177,537	5,340,947	15,615,098	21,133,582
QRRE	12,995,004	–	–	12,995,004
Other Retail	6,492,299	9,086,728	74,857,230	90,436,257
Other Exposures	14,291,388	296,576	8,983,669	23,571,633
Total Gross Credit Exposure	150,212,150	123,114,417	339,655,281	612,981,848

Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

III) GROSS CREDIT EXPOSURES BY RESIDUAL CONTRACTUAL MATURITY (CONTINUED)

TABLE 5(B): DISTRIBUTION OF CREDIT EXPOSURES BY RESIDUAL CONTRACTUAL MATURITY FOR CIMBISLG

	CIMBISLG			
(RM'000) Exposure Class	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
2023				
Sovereign	**9,882,068**	**5,334,775**	**10,534,535**	**25,751,378**
PSE	**73,981**	**1,285,162**	**1,716,831**	**3,075,973**
Bank	**1,714,941**	**996,901**	**119,548**	**2,831,390**
Corporate	**8,155,051**	**13,108,365**	**17,289,133**	**38,552,548**
RRE Financing	**2,934**	**103,110**	**44,450,032**	**44,556,075**
HPE	**44,735**	**4,068,590**	**13,947,694**	**18,061,019**
QRRE	**597,995**	**–**	**–**	**597,995**
Other Retail	**111,118**	**1,527,154**	**38,386,959**	**40,025,231**
Other Exposures	**5,090**	**10,264**	**246,492**	**261,846**
Total Gross Credit Exposure	**20,587,911**	**26,434,320**	**126,691,223**	**173,713,454**
2022				
Sovereign	15,364,535	4,023,489	6,849,421	26,237,445
PSE	250,188	1,141,340	1,716,831	3,108,358
Bank	1,330,533	565,326	120,939	2,016,799
Corporate	9,773,616	7,681,200	15,801,397	33,256,213
RRE Financing	1,774	109,893	36,269,856	36,381,523
HPE	37,448	3,244,980	12,133,076	15,415,504
QRRE	337,649	–	–	337,649
Other Retail	51,299	1,279,195	39,587,564	40,918,057
Other Exposures	–	–	347,779	347,779
Total Gross Credit Exposure	27,147,041	18,045,423	112,826,864	158,019,328

Credit Risk

SUMMARY OF CREDIT EXPOSURES (CONTINUED)

III) GROSS CREDIT EXPOSURES BY RESIDUAL CONTRACTUAL MATURITY (CONTINUED)

TABLE 5(C): DISTRIBUTION OF CREDIT EXPOSURES BY RESIDUAL CONTRACTUAL MATURITY FOR CIMBIBG

	CIMBIBG			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
2023				
Sovereign	**150,037**	**–**	**301,589**	**451,626**
Bank	**118,967**	**–**	**38,814**	**157,782**
Corporate	**–**	**–**	**16,139**	**16,139**
Mortgage	**–**	**–**	**–**	**–**
HPE	**–**	**–**	**–**	**–**
QRRE	**–**	**–**	**–**	**–**
Other Retail	**–**	**–**	**–**	**–**
Other Exposures	**–**	**–**	**35,256**	**35,256**
Total Gross Credit Exposure	**269,004**	**–**	**391,799**	**660,803**
2022				
Sovereign	110,017	–	108	110,125
Bank	193,687	–	17,317	211,004
Corporate	–	–	50,698	50,698
Mortgage	–	–	–	–
HPE	–	–	–	–
QRRE	–	–	–	–
Other Retail	–	–	–	–
Other Exposures	–	–	36,837	36,837
Total Gross Credit Exposure	303,704	–	104,960	408,664

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING

I) PAST DUE BUT NOT IMPAIRED

A loan/financing is considered past due when any payment due under strict contractual terms is received late or missed. Late processing and other administrative delays on the side of the borrower/customer can lead to a financial asset being past due but not impaired. Therefore, loans/financing and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. For the purposes of this analysis, an asset is considered past due and included below when any payment due under strict contractual terms is received late or missed. The amount included is the entire financial asset, not just the payment, of principal or interest/profit or both, overdue.

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

I) PAST DUE BUT NOT IMPAIRED (CONTINUED)

The following tables provide an analysis of the outstanding balances as at 31 December 2023 and 31 December 2022 which were past due but not impaired by sector and geographical respectively:

TABLE 6(A): PAST DUE BUT NOT IMPAIRED LOANS, ADVANCES AND FINANCING BY SECTOR FOR CIMBBG

	CIMBBG	
(RM'000)	**2023**	**2022**
Primary Agriculture	**31,497**	36,521
Mining and Quarrying	**10,512**	2,237
Manufacturing	**96,392**	110,548
Electricity, Gas and Water Supply	**1,965**	5,103
Construction	**135,739**	138,420
Wholesale and Retail Trade, and Restaurants and Hotels	**316,769**	274,660
Transport, Storage and Communication	**23,270**	28,750
Finance, Insurance/Takaful, Real Estate and Business Activities	**318,076**	366,491
Education, Health and Others	**69,306**	48,497
Household	**16,004,600**	14,126,928
Others*	**19,688**	49,313
Total	**17,027,814**	15,187,468

* *Others are exposures which are not elsewhere classified.*

TABLE 6(B): PAST DUE BUT NOT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING BY SECTOR FOR CIMBISLG

	CIMBISLG	
(RM'000)	**2023**	**2022**
Primary Agriculture	**4,636**	4,663
Mining and Quarrying	**78**	–
Manufacturing	**32,553**	25,398
Electricity, Gas and Water Supply	**1,332**	231
Construction	**38,580**	46,118
Wholesale and Retail Trade, and Restaurants and Hotels	**75,223**	47,980
Transport, Storage and Communication	**8,191**	6,021
Finance, Takaful, Real Estate and Business Activities	**87,018**	109,199
Education, Health and Others	**23,054**	23,719
Household	**7,260,034**	5,883,362
Others*	**323**	53
Total	**7,531,022**	6,146,744

Note: *All sectors above are Shariah compliant.*
* *Others are exposures which are not elsewhere classified*

TABLE 6(C): PAST DUE BUT NOT IMPAIRED LOANS, ADVANCES AND FINANCING BY SECTOR FOR CIMBIBG

There are no loans, advances and financing exposures in CIMBIBG as at 31 December 2023 and 31 December 2022.

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

I) PAST DUE BUT NOT IMPAIRED (CONTINUED)

TABLE 7(A): PAST DUE BUT NOT IMPAIRED LOANS, ADVANCES AND FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBBG

	CIMBBG	
(RM'000)	**2023**	**2022**
Malaysia	**14,395,654**	13,029,619
Singapore	**625,336**	350,785
Thailand	**1,915,264**	1,621,963
Other Countries	**91,560**	185,101
Total	**17,027,814**	15,187,468

TABLE 7(B): PAST DUE BUT NOT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBISLG

	CIMBISLG	
(RM'000)	**2023**	**2022**
Malaysia	**7,531,022**	6,146,744
Singapore	**–**	–
Thailand	**–**	–
Other Countries	**–**	–
Total	**7,531,022**	6,146,744

TABLE 7(C): PAST DUE BUT NOT IMPAIRED LOANS, ADVANCES AND FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBIBG

There are no loans, advances and financing exposures in CIMBIBG as at 31 December 2023 and 31 December 2022.

II) CREDIT IMPAIRED LOANS/FINANCING

The Group classifies a loan, advances and financing as credit impaired when it meets one or more of the following criteria:

(a) Where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months;

(b) In the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;

(c) Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Group's internal credit risk rating framework; or

(d) As soon as a default occurs where the principal and/or interest/profit repayments/payments are scheduled on intervals of 3 months or longer. For the purpose of ascertaining the period in arrears:

- Repayment/payment on each of the instalment amount must be made in full. A partial repayment/payment made on an instalment amount shall be deemed to be still in arrears; and
- Where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise due to specific and exceptional circumstances as set in the Group's internal policy, the determination of period in arrears shall exclude the moratorium period granted.

(e) Force Impaired Credit Facilities

The credit facility is force impaired due to various reasons which may include the following: PN17 classification by Bursa, bankruptcy/winding up orders, appointment of Independent Financial Advisor/Liquidator/Receivers & Managers, ceased operations and/or suspended with no likelihood of resuming in the next 12 months, business viability is affected with repayment/payment capability in doubt resulting in going concern issue in the near term, etc. In the event where a credit facility is not in default or past due but force impaired, the credit facility shall be classified as impaired upon approval by GAQC.

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

II) CREDIT IMPAIRED LOANS/FINANCING (CONTINUED)

(f) Cross Default

When an obligor/counterparty has multiple credit facilities with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt/financing obligation triggers default on another debt/financing obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual credit facility level instead of consolidated obligor/counterparty level.

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its loans, advances and financing. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The 12-month or lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest/profit rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrower.

The following tables provide an analysis of the outstanding balances as at 31 December 2023 and 31 December 2022 which were credit impaired by sector and geographical respectively:

TABLE 8(A): CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY SECTOR FOR CIMBBG

	CIMBBG	
(RM'000)	**2023**	**2022**
Primary Agriculture	**68,828**	84,888
Mining and Quarrying	**1,060,401**	994,091
Manufacturing	**260,440**	251,464
Electricity, Gas and Water Supply	**496**	111
Construction	**184,571**	155,479
Wholesale and Retail Trade, and Restaurants and Hotels	**705,968**	1,053,898
Transport, Storage and Communications	**262,471**	389,202
Finance, Takaful, Real Estate and Business Activities	**480,496**	575,361
Education, Health and Others	**106,086**	156,934
Household	**3,992,429**	3,755,456
Others*	**145,670**	736,087
Total	**7,267,856**	8,152,971

* *Others are exposures which are not elsewhere classified.*

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

II) CREDIT IMPAIRED LOANS/FINANCING (CONTINUED)

TABLE 8(B): CREDIT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING BY SECTOR FOR CIMBISLG

	CIMBISLG	
(RM'000)	**2023**	**2022**
Primary Agriculture	**12,600**	16,917
Mining and Quarrying	**1**	–
Manufacturing	**20,072**	11,923
Electricity, Gas and Water Supply	**1**	–
Construction	**59,876**	25,478
Wholesale and Retail Trade, and Restaurants and Hotels	**175,589**	132,338
Transport, Storage and Communications	**8,390**	5,935
Finance, Takaful, Real Estate and Business Activities	**76,414**	55,889
Education, Health and Others	**17,941**	62,074
Household	**1,404,914**	1,098,782
Others*	**76**	1
Total	**1,775,874**	1,409,337

Note: *All sectors above are Shariah compliant.*
* *Others are exposures which are not elsewhere classified.*

TABLE 8(C): CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY SECTOR FOR CIMBIBG

There are no loans, advances and financing exposures in CIMBIBG as at 31 December 2023 and 31 December 2022.

TABLE 9(A): CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBBG

	CIMBBG	
(RM'000)	**2023**	**2022**
Malaysia	**5,384,932**	5,372,355
Singapore	**354,493**	878,879
Thailand	**1,308,420**	1,137,178
Other Countries	**220,011**	764,559
Total	**7,267,856**	8,152,971

TABLE 9(B): CREDIT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBISLG

	CIMBISLG	
(RM'000)	**2023**	**2022**
Malaysia	**1,775,874**	1,409,337
Singapore	**–**	–
Thailand	**–**	–
Other Countries	**–**	–
Total	**1,775,874**	1,409,337

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

II) CREDIT IMPAIRED LOANS/FINANCING (CONTINUED)

TABLE 9(C): CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBIBG

There are no loans, advances and financing exposures in CIMBIBG as at 31 December 2023 and 31 December 2022.

III) EXPECTED CREDIT LOSSES

TABLE 10(A): EXPECTED CREDIT LOSSES (STAGE 1, 2 AND 3, AND PURCHASED CREDIT IMPAIRED) BY SECTOR FOR CIMBBG

	CIMBBG				
(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
2023					
Primary Agriculture	**39,983**	**945**	**48,881**	**–**	**89,809**
Mining and Quarrying	**28,541**	**1,136**	**791,889**	**–**	**821,566**
Manufacturing	**81,823**	**71,080**	**158,274**	**–**	**311,177**
Electricity, Gas and Water Supply	**31,012**	**225**	**233**	**–**	**31,470**
Construction	**15,211**	**22,737**	**128,072**	**–**	**166,020**
Wholesale and Retail Trade, and Restaurants and Hotels	**114,466**	**190,471**	**292,453**	**–**	**597,390**
Transport, Storage and Communications	**13,425**	**7,163**	**126,534**	**–**	**147,122**
Finance, Insurance/Takaful, Real Estate and Business Activities	**182,088**	**67,163**	**137,704**	**–**	**386,955**
Education, Health and Others	**25,164**	**8,692**	**52,290**	**–**	**86,146**
Household	**1,838,838**	**948,118**	**1,239,249**	**1,863**	**4,028,068**
Others*	**85,152**	**17,081**	**101,520**	**–**	**203,753**
Total	**2,455,703**	**1,334,811**	**3,077,099**	**1,863**	**6,869,476**
2022					
Primary Agriculture	27,460	4,182	44,187	–	75,829
Mining and Quarrying	22,745	2,355	700,045	–	725,145
Manufacturing	55,868	44,371	134,212	–	234,451
Electricity, Gas and Water Supply	7,238	59,945	67	–	67,250
Construction	10,188	13,480	103,321	–	126,989
Wholesale and Retail Trade, and Restaurants and Hotels	68,786	193,428	542,691	–	804,905
Transport, Storage and Communications	13,496	82,820	126,574	–	222,890
Finance, Insurance/Takaful, Real Estate and Business Activities	98,947	103,621	172,210	–	374,778
Education, Health and Others	15,784	32,968	33,712	–	82,464
Household	729,009	2,395,667	1,223,653	1,771	4,350,100
Others*	62,511	7,619	584,659	–	654,789
Total	1,112,032	2,940,456	3,665,331	1,771	7,719,590

* *Others are exposures which are not elsewhere classified.*

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 10(B): EXPECTED CREDIT LOSSES (STAGE 1, 2 AND 3, AND PURCHASED CREDIT IMPAIRED) BY SECTOR FOR CIMBISLG

	CIMBISLG				
(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
2023					
Primary Agriculture	**3,134**	**770**	**12,644**	**–**	**16,548**
Mining and Quarrying	**964**	**660**	**1**	**–**	**1,625**
Manufacturing	**16,345**	**4,395**	**11,617**	**–**	**32,357**
Electricity, Gas and Water Supply	**1,097**	**–**	**–**	**–**	**1,097**
Construction	**5,975**	**2,767**	**26,848**	**–**	**35,590**
Wholesale and Retail Trade, and Restaurants and Hotels	**34,940**	**6,838**	**124,782**	**–**	**166,560**
Transport, Storage and Communications	**5,405**	**1,497**	**4,666**	**–**	**11,568**
Finance, Takaful, Real Estate and Business Activities	**15,267**	**4,615**	**16,841**	**–**	**36,723**
Education, Health and Others	**3,922**	**982**	**9,296**	**–**	**14,200**
Household	**685,022**	**345,571**	**342,851**	**–**	**1,373,444**
Others*	**41**	**71**	**34**	**–**	**146**
Total	**772,112**	**368,166**	**549,580**	**–**	**1,689,858**
2022					
Primary Agriculture	1,811	2,864	4,398	–	9,073
Mining and Quarrying	133	1,360	–	–	1,493
Manufacturing	7,654	16,151	6,747	–	30,552
Electricity, Gas and Water Supply	1,642	442	–	–	2,084
Construction	2,333	4,224	20,572	–	27,129
Wholesale and Retail Trade, and Restaurants and Hotels	14,952	18,423	69,854	–	103,229
Transport, Storage and Communications	4,938	2,029	6,333	–	13,300
Finance, Takaful, Real Estate and Business Activities	10,943	20,688	16,337	–	47,968
Education, Health and Others	2,509	4,665	1,851	–	9,025
Household	116,312	821,949	305,512	–	1,243,773
Others*	22	4	1	–	27
Total	163,249	892,799	431,605	–	1,487,653

Note: *All sectors above are Shariah compliant.*
* *Others are exposures which are not elsewhere classified.*

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 10(C): EXPECTED CREDIT LOSSES (STAGE 1, 2 AND 3, AND PURCHASED CREDIT IMPAIRED) BY SECTOR FOR CIMBIBG

There are no expected credit losses for CIMBIBG as at 31 December 2023 and 31 December 2022.

TABLE 11(A): EXPECTED CREDIT LOSSES (STAGE 1, 2 AND 3, AND PURCHASED CREDIT IMPAIRED) BY GEOGRAPHIC DISTRIBUTION FOR CIMBBG

	CIMBBG				
(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
2023					
Malaysia	**1,767,583**	**895,222**	**2,160,066**	**–**	**4,822,871**
Singapore	**346,722**	**118,494**	**213,333**	**–**	**678,549**
Thailand	**276,357**	**311,030**	**594,336**	**1,863**	**1,183,586**
Other Countries	**65,041**	**10,065**	**109,364**	**–**	**184,470**
Total	**2,455,703**	**1,334,811**	**3,077,099**	**1,863**	**6,869,476**
2022					
Malaysia	645,922	2,579,358	2,017,119	–	5,242,399
Singapore	234,368	85,206	591,146	–	910,720
Thailand	183,789	271,130	467,288	1,771	923,978
Other Countries	47,953	4,762	589,778	–	642,493
Total	1,112,032	2,940,456	3,665,331	1,771	7,719,590

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 11(B): EXPECTED CREDIT LOSSES (STAGE 1, 2 AND 3, AND PURCHASED CREDIT IMPAIRED) BY GEOGRAPHIC DISTRIBUTION FOR CIMBISLG

	CIMBISLG				
(RM'000)	**12-month expected credit losses (Stage 1)**	**Lifetime expected credit losses – not credit impaired (Stage 2)**	**Lifetime expected credit losses – credit impaired (Stage 3)**	**Purchased credit impaired**	**Total**
2023					
Malaysia	**772,112**	**368,166**	**549,580**	**–**	**1,689,858**
Singapore	**–**	**–**	**–**	**–**	**–**
Thailand	**–**	**–**	**–**	**–**	**–**
Other Countries	**–**	**–**	**–**	**–**	**–**
Total	**772,112**	**368,166**	**549,580**	**–**	**1,689,858**
2022					
Malaysia	163,249	892,799	431,605	–	1,487,653
Singapore	–	–	–	–	–
Thailand	–	–	–	–	–
Other Countries	–	–	–	–	–
Total	163,249	892,799	431,605	–	1,487,653

TABLE 11(C): EXPECTED CREDIT LOSSES (STAGE 1, 2 AND 3, AND PURCHASED CREDIT IMPAIRED) BY GEOGRAPHIC DISTRIBUTION FOR CIMBIBG

There are no expected credit losses for CIMBIBG as at 31 December 2023 and 31 December 2022.

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 12(A): EXPECTED CREDIT LOSSES CHARGES/(WRITE BACK) AND WRITE-OFF FOR STAGE 3 AND PURCHASED CREDIT IMPAIRED FOR CIMBBG

	CIMBBG			
	Charges/(write back)		Write-off	
(RM'000)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired
2023				
Primary Agriculture	**18,097**	**–**	**17,348**	**–**
Mining and Quarrying	**58,870**	**–**	**14,869**	**–**
Manufacturing	**30,270**	**–**	**19,837**	**–**
Electricity, Gas and Water Supply	**54**	**–**	**66**	**–**
Construction	**41,786**	**–**	**34,793**	**–**
Wholesale and Retail Trade, and Restaurants and Hotels	**126,865**	**–**	**356,386**	**–**
Transport, Storage and Communications	**30,294**	**–**	**7,769**	**–**
Finance, Insurance/Takaful, Real Estate and Business Activities	**8,426**	**–**	**85,178**	**–**
Education, Health and Others	**22,499**	**–**	**208,460**	**–**
Household	**1,201,791**	**–**	**986,454**	**–**
Others*	**409,853**	**–**	**950,531**	**–**
Total	**1,948,805**	**–**	**2,681,691**	**–**
2022				
Primary Agriculture	30,064	–	21,914	–
Mining and Quarrying	49,774	–	45,963	–
Manufacturing	11,003	–	65,315	–
Electricity, Gas and Water Supply	(41,904)	–	149	–
Construction	37,872	–	29,551	–
Wholesale and Retail Trade, and Restaurants and Hotels	(74,038)	–	613,890	–
Transport, Storage and Communications	76,252	–	957,005	–
Finance, Insurance/Takaful, Real Estate and Business Activities	100,930	–	171,549	–
Education, Health and Others	(5,013)	–	2,993	–
Household	744,647	–	895,273	1,320
Others*	120,445	–	87,691	–
Total	1,050,032	–	2,891,293	1,320

* *Others are exposures which are not elsewhere classified.*

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 12(B): EXPECTED CREDIT LOSSES CHARGES/(WRITE BACK) AND WRITE-OFF FOR STAGE 3 AND PURCHASED CREDIT IMPAIRED FOR CIMBISLG

	CIMBISLG			
	Charges/(write back)		Write-off	
(RM'000)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired
2023				
Primary Agriculture	**14,239**	**–**	**6,154**	**–**
Mining and Quarrying	**–**	**–**	**–**	**–**
Manufacturing	**3,037**	**–**	**258**	**–**
Electricity, Gas and Water Supply	**–**	**–**	**–**	**–**
Construction	**5,675**	**–**	**1,255**	**–**
Wholesale and Retail Trade, and Restaurants and Hotels	**76,414**	**–**	**30,690**	**–**
Transport, Storage and Communications	**2,620**	**–**	**5,308**	**–**
Finance, Takaful, Real Estate and Business Activities	**3,565**	**–**	**2,756**	**–**
Education, Health and Others	**7,749**	**–**	**741**	**–**
Household	**339,246**	**–**	**233,822**	**–**
Others*	**282**	**–**	**–**	**–**
Total	**452,827**	**–**	**280,984**	**–**
2022				
Primary Agriculture	1,998	–	595	–
Mining and Quarrying	–	–	–	–
Manufacturing	(3,401)	–	6,994	–
Electricity, Gas and Water Supply	23,536	–	–	–
Construction	16,160	–	4,053	–
Wholesale and Retail Trade, and Restaurants and Hotels	41,410	–	26,506	–
Transport, Storage and Communications	5,324	–	207	–
Finance, Takaful, Real Estate and Business Activities	8,645	–	3,447	–
Education, Health and Others	1,209	–	29	–
Household	187,827	–	133,529	–
Others*	32	–	–	–
Total	282,740	–	175,360	–

Note: *All sectors above are Shariah compliant.*
* *Others are exposures which are not elsewhere classified.*

TABLE 12(C): EXPECTED CREDIT LOSSES CHARGES/(WRITE BACK) AND WRITE-OFF FOR STAGE 3 AND PURCHASED CREDIT IMPAIRED FOR CIMBIBG

There are no expected credit losses charges/(write back) and write-off for Stage 3 and purchased credit impaired for CIMBIBG as at 31 December 2023 and 31 December 2022.

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 13(A): ANALYSIS OF MOVEMENT IN THE EXPECTED CREDIT LOSSES FOR LOANS, ADVANCES AND FINANCING FOR CIMBBG

	CIMBBG				
	2023				
(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
At 1 January 2023	1,112,032	2,940,456	3,665,331	1,771	7,719,590
Changes in expected credit losses due to transferred within stages	1,874,579	(1,763,634)	(110,945)	–	–
Transferred to Stage 1	2,409,154	(2,278,733)	(130,421)	–	–
Transferred to Stage 2	(516,860)	1,572,531	(1,055,671)	–	–
Transferred to Stage 3	(17,715)	(1,057,432)	1,075,147	–	–
Total charge to Income Statement	(542,314)	139,707	1,948,805	–	1,546,198
New financial assets originated	918,088	212,278	64,386	–	1,194,752
Financial assets that have been derecognised	(503,819)	(343,062)	–	–	(846,881)
Write back in respect of full recoveries	–	–	(238,840)	–	(238,840)
Change in credit risk	(956,583)	270,491	2,123,259	–	1,437,167
Write-offs	(95)	(598)	(2,681,691)	–	(2,682,384)
Exchange fluctuation	32,680	23,344	134,168	92	190,284
Other movements	(21,179)	(4,464)	121,431	–	95,788
Total	2,455,703	1,334,811	3,077,099	1,863	6,869,476

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 13(A): ANALYSIS OF MOVEMENT IN THE EXPECTED CREDIT LOSSES FOR LOANS, ADVANCES AND FINANCING FOR CIMBBG (CONTINUED)

	CIMBBG				
	2022				
(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
At 1 January 2022	1,267,136	2,602,869	4,773,996	3,046	8,647,047
Changes in expected credit losses due to transferred within stages	474,381	(806,238)	331,857	–	–
Transferred to Stage 1	910,708	(826,928)	(83,780)	–	–
Transferred to Stage 2	(429,421)	894,578	(465,157)	–	–
Transferred to Stage 3	(6,906)	(873,888)	880,794	–	–
Total charge to Income Statement	(643,184)	1,135,497	1,050,032	–	1,542,345
New financial assets originated	929,878	98,028	68,220	–	1,096,126
Financial assets that have been derecognised	(456,150)	(255,873)	–	–	(712,023)
Write back in respect of full recoveries	–	–	(185,805)	–	(185,805)
Change in credit risk	(1,116,912)	1,293,342	1,167,617	–	1,344,047
Write-offs	(923)	(3,763)	(2,891,293)	(1,320)	(2,897,299)
Disposal of loans, advances and financing	–	–	(112,327)	–	(112,327)
Exchange fluctuation	13,832	10,572	95,149	45	119,598
Other movements	790	1,519	417,917	–	420,226
Total	1,112,032	2,940,456	3,665,331	1,771	7,719,590

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 13(B): ANALYSIS OF MOVEMENT IN THE EXPECTED CREDIT LOSSES FOR FINANCING, ADVANCES AND OTHER FINANCING FOR CIMBISLG

	CIMBISLG				
	2023				
(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
At 1 January 2023	163,249	892,799	431,605	–	1,487,653
Changes in expected credit losses due to transferred within stages	665,357	(586,700)	(78,657)	–	–
Transferred to Stage 1	830,582	(804,974)	(25,608)	–	–
Transferred to Stage 2	(158,233)	572,238	(414,005)	–	–
Transferred to Stage 3	(6,992)	(353,964)	360,956	–	–
Total charge to Income Statement	(56,519)	62,174	452,827	–	458,482
New financial assets originated	94,042	2,995	22,062	–	119,099
Financial assets that have been derecognised	(53,357)	(31,812)	–	–	(85,169)
Write back in respect of full recoveries	–	–	(39,614)	–	(39,614)
Change in credit risk	(97,204)	90,991	470,379	–	464,166
Write-offs	–	–	(280,984)	–	(280,984)
Other movements	25	(107)	24,789	–	24,707
Total	772,112	368,166	549,580	–	1,689,858

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES & FINANCING (CONTINUED)

III) EXPECTED CREDIT LOSSES (CONTINUED)

TABLE 13(B): ANALYSIS OF MOVEMENT IN THE EXPECTED CREDIT LOSSES FOR FINANCING, ADVANCES AND OTHER FINANCING FOR CIMBISLG (CONTINUED)

	CIMBISLG				
	2022				
(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
At 1 January 2022	248,701	727,401	231,094	–	1,207,196
Changes in expected credit losses due to transferred within stages	169,904	(238,024)	68,120	–	–
Transferred to Stage 1	267,346	(245,393)	(21,953)	–	–
Transferred to Stage 2	(96,018)	258,524	(162,506)	–	–
Transferred to Stage 3	(1,424)	(251,155)	252,579	–	–
Total charge to Income Statement	(255,381)	403,583	282,740	–	430,942
New financial assets originated	89,424	706	17,424	–	107,554
Financial assets that have been derecognised	(36,730)	(33,263)	–	–	(69,993)
Write back in respect of full recoveries	–	–	(38,017)	–	(38,017)
Change in credit risk	(308,075)	436,140	303,333	–	431,398
Write-offs	–	(1)	(175,360)	–	(175,361)
Other movements	25	(160)	25,011	–	24,876
Total	163,249	892,799	431,605	–	1,487,653

TABLE 13(C): ANALYSIS OF MOVEMENT IN THE EXPECTED CREDIT LOSSES FOR LOANS, ADVANCES AND FINANCING FOR CIMBIBG

There are no expected credit losses for loans, advances and financing for CIMBIBG as at 31 December 2023 and 31 December 2022.

Credit Risk

CAPITAL TREATMENT FOR CREDIT RISK

Details on RWA and capital requirements related to Credit Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG in Tables 2 (a), (b) and (c). Details on the disclosure for portfolios under the SA and the IRB Approach are in the sections that followed.

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE SA

Credit exposures under SA are mainly exposures where the IRB Approach is not applicable or exposures that will eventually adopt the IRB Approach. Under SA, the regulator prescribes the risk weights for all asset types.

Exposures which are rated externally relate to sovereign and central banks while the unrated exposures relate to personal financing and other exposures. The Group applies external ratings for credit exposures under SA from S&P, Moody's, Fitch, RAM, MARC and R&I. CIMB Group follows the process prescribed under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) to map the ratings to the relevant risk weights for computation of regulatory capital.

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

The following tables present the credit exposures by risk weights and after credit risk mitigation:

TABLE 14(A): DISCLOSURE BY RISK WEIGHT UNDER SA FOR CIMBBG

	CIMBBG												
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages/ RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Equity	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2023													
0%	**109,224,964**	**12,430,043**	**316,788**	**-**	**2,300,770**	**716,083**	**-**	**-**	**13,495,302**	**-**	**-**	**138,483,951**	**-**
6%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20%	**400,183**	**188,508**	**228,906**	**376,234**	**676,965**	**4,656,636**	**-**	**-**	**111**	**409,415**	**-**	**6,936,958**	**1,387,392**
35%	**-**	**-**	**-**	**-**	**-**	**-**	**10,433,425**	**-**	**-**	**-**	**-**	**10,433,425**	**3,651,699**
50%	**1,168,795**	**55,038**	**2,068,092**	**2,148,592**	**4,006,300**	**6,274,532**	**3,534,164**	**-**	**-**	**-**	**-**	**19,255,512**	**9,627,756**
75%	**-**	**-**	**-**	**-**	**993**	**13,550,185**	**1,045**	**-**	**1,586,264**	**-**	**-**	**15,138,487**	**11,353,865**
100%	**51,030**	**-**	**0**	**1,593,951**	**23,842,186**	**1,760,243**	**3,053,649**	**-**	**3,487,870**	**-**	**60**	**33,788,990**	**33,788,990**
125%	**-**	**-**	**-**	**-**	**-**	**128,159**	**-**	**-**	**-**	**-**	**-**	**128,159**	**160,198**
150%	**-**	**-**	**-**	**-**	**437,287**	**198,409**	**-**	**1,719,237**	**-**	**-**	**-**	**2,354,933**	**3,532,399**
150% < RW < 1250%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1250%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**110,844,973**	**12,673,589**	**2,613,785**	**4,118,777**	**31,264,501**	**27,284,247**	**17,022,283**	**1,719,237**	**18,569,547**	**409,415**	**60**	**226,520,414**	**63,502,299**
Average Risk Weight	**1%**	**1%**	**41%**	**67%**	**85%**	**60%**	**50%**	**150%**	**25%**	**20%**	**100%**	**28%**	
Deduction from Capital Base													
2022													
0%	106,545,063	9,539,445	61,860	-	1,762,768	808,521	-	-	16,776,843	-	-	135,494,499	-
6%	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	60,722	3,155,637	133,779	577,081	560,357	4,306,826	-	-	37	404,626	-	9,199,066	1,839,813
35%	-	-	-	-	-	-	8,815,337	-	-	-	-	8,815,337	3,085,368
50%	1,341,322	-	2,176,636	1,857,571	2,884,750	5,076,357	3,032,178	-	-	-	-	16,368,815	8,184,408
75%	-	-	-	-	1,079	13,945,529	570	-	835,290	-	-	14,782,468	11,086,851
100%	36,445	-	0	3,860,539	22,824,803	1,916,638	2,226,794	-	3,882,394	-	72	34,747,685	34,747,685
107%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	304,988	94,560	-	1,672,370	-	-	-	2,071,918	3,107,877
150% < RW < 1250%	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	107,983,552	12,695,082	2,372,276	6,295,191	28,338,745	26,148,431	14,074,878	1,672,370	21,494,564	404,626	72	221,479,788	62,052,001
Average Risk Weight	1%	5%	47%	78%	88%	61%	49%	150%	21%	20%	100%	28%	
Deduction from Capital Base													

* *The total includes the portion which is deducted from Capital Base, if any.*

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

TABLE 14(B): DISCLOSURE BY RISK WEIGHT UNDER SA FOR CIMBISLG

	CIMBISLG											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2023												
0%	**25,751,378**	**2,930,043**	**-**	**-**	**-**	**110**	**-**	**-**	**864**	**-**	**28,682,395**	**-**
20%	**-**	**90,892**	**10**	**-**	**91,194**	**1,483,460**	**-**	**-**	**-**	**15,354**	**1,680,911**	**336,182**
35%	**-**	**-**	**-**	**-**	**-**	**-**	**29,432**	**-**	**-**	**-**	**29,432**	**10,301**
50%	**-**	**55,038**	**-**	**-**	**2,950,081**	**4,615,465**	**397,666**	**-**	**-**	**-**	**8,018,250**	**4,009,125**
75%	**-**	**-**	**-**	**-**	**-**	**1,188,320**	**-**	**-**	**-**	**-**	**1,188,320**	**891,240**
100%	**-**	**-**	**-**	**0**	**718,104**	**973,578**	**15,957**	**-**	**245,628**	**-**	**1,953,266**	**1,953,266**
100% < RW < 1250%	**-**	**-**	**-**	**-**	**3,451**	**13,990**	**-**	**-**	**-**	**-**	**17,441**	**26,161**
1250%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**25,751,378**	**3,075,973**	**10**	**0**	**3,762,831**	**8,274,923**	**443,055**	**-**	**246,492**	**15,354**	**41,570,015**	**7,226,277**
Average Risk Weight	**-**	**1%**	**20%**	**100%**	**59%**	**54%**	**51%**	**-**	**100%**	**20%**	**17%**	
Deduction from Capital Base	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
2022												
0%	26,237,445	2,539,445	-	-	-	-	-	-	953	-	28,777,842	-
20%	-	568,914	20	-	53,645	1,113,452	-	-	-	-	1,736,031	347,206
35%	-	-	-	-	-	-	18,857	-	-	-	18,857	6,600
50%	-	-	-	-	2,394,517	3,915,453	345,024	-	-	-	6,654,994	3,327,497
75%	-	-	-	-	-	1,349,840	-	-	-	-	1,349,840	1,012,380
100%	-	-	-	-	675,164	1,147,505	2,254	-	346,827	-	2,171,750	2,171,750
100% < RW < 1250%	-	-	-	-	2,046	854	-	-	-	-	2,900	4,350
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	26,237,445	3,108,358	20	-	3,125,372	7,527,105	366,135	-	347,779	-	40,712,214	6,869,783
Average Risk Weight	-	4%	20%	-	60%	58%	50%	-	100%	-	17%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

* *The total includes the portion which is deducted from Capital Base, if any.*

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

TABLE 14(C): DISCLOSURE BY RISK WEIGHT UNDER SA FOR CIMBIBG

	CIMBIBG											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
2023												
0%	**451,626**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16**	**-**	**451,642**	**-**
20%	**-**	**-**	**118,967**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118,967**	**23,793**
35%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
50%	**-**	**-**	**38,814**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,814**	**19,407**
75%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100%	**-**	**-**	**-**	**-**	**16,139**	**-**	**-**	**-**	**35,240**	**-**	**51,379**	**51,379**
100% <RW < 1250%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1250%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**451,626**	**-**	**157,782**	**-**	**16,139**	**-**	**-**	**-**	**35,256**	**-**	**660,803**	**94,580**
Average Risk Weight	**-**	**-**	**27%**	**-**	**100%**	**-**	**-**	**-**	**100%**	**-**	**14%**	
Deduction from Capital Base	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
2022												
0%	110,125	-	-	-	-	-	-	-	5	-	110,130	-
20%	-	-	193,617	-	-	-	-	-	-	-	193,617	38,723
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	17,388	-	-	-	-	-	-	-	17,388	8,694
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	50,698	-	-	-	36,832	-	87,530	87,530
100% <RW < 1250%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	110,125	-	211,004	-	50,698	-	-	-	36,837	-	408,664	134,947
Average Risk Weight	-	-	22%	-	100%	-	-	-	100%	-	33%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

* *The total includes the portion which is deducted from Capital Base, if any.*

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

The following tables present the non-retail credit exposures before the effect of credit risk mitigation, according to ratings by ECAIs:

TABLE 15(A): DISCLOSURES OF RATED AND UNRATED NON-RETAIL EXPOSURES UNDER SA ACCORDING TO RATINGS BY ECAIS FOR CIMBBG

	CIMBBG			
(RM'000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
2023				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	**–**	**–**	**12,673,652**	**12,673,652**
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	**3,002,593**	**–**	**1,975,851**	**4,978,444**
Corporate	**571,640**	**128,418**	**35,504,647**	**36,204,706**
Sovereign/Central Banks	**92,335,764**	**–**	**18,509,208**	**110,844,973**
Banks, MDBs and DFIs	**1,751,595**	**–**	**862,190**	**2,613,785**
Total	**97,661,593**	**128,418**	**69,525,548**	**167,315,560**
2022				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	–	–	12,695,143	12,695,143
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	3,407,687	–	4,301,518	7,709,205
Corporate	571,899	94,434	31,985,102	32,651,435
Sovereign/Central Banks	84,445,974	–	23,537,577	107,983,552
Banks, MDBs and DFIs	1,597,857	–	774,418	2,372,276
Total	90,023,418	94,434	73,293,759	163,411,611

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

TABLE 15(B): DISCLOSURES OF RATED AND UNRATED NON-RETAIL EXPOSURES UNDER SA ACCORDING TO RATINGS BY ECAIS FOR CIMBISLG

	CIMBISLG			
(RM'000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
2023				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	**–**	**–**	**3,075,973**	**3,075,973**
Takaful Operators, Securities Firms & Fund Managers	**–**	**–**	**0**	**0**
Corporate	**1**	**–**	**3,818,275**	**3,818,276**
Sovereign/Central Banks	**23,558,212**	**–**	**2,193,166**	**25,751,378**
Banks, MDBs and DFIs	**10**	**–**	**–**	**10**
Total	**23,558,223**	**–**	**9,087,414**	**32,645,637**
2022				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	–	–	3,108,358	3,108,358
Takaful Operators, Securities Firms & Fund Managers	–	–	–	–
Corporate	–	0	3,173,431	3,173,432
Sovereign/Central Banks	23,725,208	–	2,512,236	26,237,445
Banks, MDBs and DFIs	20	–	–	20
Total	23,725,228	0	8,794,026	32,519,255

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

TABLE 15(C): DISCLOSURES OF RATED AND UNRATED NON-RETAIL EXPOSURES UNDER SA ACCORDING TO RATINGS BY ECAIS FOR CIMBIBG

(RM'000) Exposure Class	CIMBIBG Investment Grade	Non-Investment Grade	No Rating	Total
2023				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	**–**	**–**	**–**	**–**
Insurance Cos, Securities Firms & Fund Managers	**–**	**–**	**–**	**–**
Corporate	**–**	**–**	**16,139**	**16,139**
Sovereign/Central Banks	**430,952**	**–**	**20,674**	**451,626**
Banks, MDBs and DFIs	**54,652**	**–**	**103,129**	**157,782**
Total	**485,605**	**–**	**139,942**	**625,547**
2022				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	–	–	–	–
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–
Corporate	43,750	–	6,948	50,698
Sovereign/Central Banks	110,017	–	108	110,125
Banks, MDBs and DFIs	40,829	–	170,175	211,004
Total	194,596	–	177,231	371,827

TABLE 16(A): DISCLOSURES OF SECURITISATION UNDER SA ACCORDING TO RATINGS BY ECAIS FOR CIMBBG

(RM'000) Exposure Class	CIMBBG Investment Grade	Non-Investment Grade	No Rating	Total
2023				
On and Off-Balance-Sheet Exposures				
Securitisation	**409,415**	**–**	**–**	**409,415**
2022				
On and Off-Balance-Sheet Exposures				
Securitisation	404,626	–	–	404,626

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE SA (CONTINUED)

TABLE 16(B): DISCLOSURES OF SECURITISATION UNDER SA ACCORDING TO RATINGS BY ECAIS FOR CIMBISLG

	CIMBISLG			
(RM'000) Exposure Class	**Investment Grade**	**Non-Investment Grade**	**No Rating**	**Total**
2023				
On and Off-Balance-Sheet Exposures				
Securitisation	**15,354**	**–**	**–**	**15,354**
2022				
On and Off-Balance-Sheet Exposures				
Securitisation	–	–	–	–

As at 31 December 2023 and 31 December 2022, there is no Securitisation under SA according to Ratings by ECAIs for CIMBIBG.

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH

CIMBBG and CIMBISLG adopt the A-IRB Approach for its retail exposures and F-IRB Approach for its non-retail exposures. The IRB Approach allows CIMBBG and CIMBISLG to adopt various rating systems to measure its credit risk for both retail and non-retail exposures. The internal risk rating systems are used not only for regulatory capital purposes, but also for credit approval and risk management reporting.

For retail exposures, application scorecards are integral to the credit approval process. Credit officers use scorecard outputs in the determination of approval of a credit application. Behavioural scorecards are used to determine the future conduct of the account for collection and portfolio management purposes.

For non-retail exposures, internal ratings are used to assist approving committees in making informed decisions for credit applications.

Models used in internal rating systems are subject to strict governance and controls. Models are developed and maintained by Group Risk with input from business units and Credit Risk CoE to ensure that relevant material risks are captured. Models are also subject to Model Risk Management Working Group deliberation followed by internal model governance prior to implementation. Post-implementation, models are subject to regular performance monitoring to ensure that they continue to perform as expected and associated risk parameters remain appropriate.

New models are assessed by the Validation Team, which is independent from the development team, to ensure robustness of the model development process, completeness of the documentation, and accuracy of the risk estimates. The validation exercise also ensures that the models meet regulatory standards. Existing models are assessed on an annual basis by the validation team to ensure that the models continue to be appropriate and the risk estimates continue to be accurate.

RETAIL EXPOSURES

Retail exposures is a portfolio large in numbers and are similarly managed due to its homogeneous characteristics. This applies to both exposures to individuals as well as exposures to small businesses which are managed on a pooled basis. The exposure of a single retail facility is typically low and usually referred to as program lending/financing.

Retail exposures covered under the A-IRB Approach include Credit Cards, Auto Financing, Xpress Cash Financing-i, Residential Mortgages, Business Premises Loans/Financing and ASB Financing. The PDs of these exposures are typically estimated from the outputs of application scorecards for new customers and behavioural scorecards for existing customers. The models deployed for retail portfolios include application, behavioural, PD, LGD and EAD segmentation models.

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

RETAIL EXPOSURES (CONTINUED)

A) PD, LGD AND EAD SEGMENTATION MODELS FOR RETAIL EXPOSURES

The risk estimates are generally developed based on internal historical data and complies with BNM guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets). However, in instances of insufficient historical data, the respective model risk estimate is developed based on expert judgement or available industry data with margin of conservatism.

PD Calibration

- PD is defined as the probability of a borrower/customer defaulting within a one-year time horizon.
- PD estimated for each pool must be representative of the long term average. In the event the internal historical data is not sufficient to cover an economic cycle, appropriate adjustment (via Cycle Scaling Factor) will be incorporated based on proxy data which are relevant and of longer history to derive the long term average PD, which is normally referred to as "Central Tendency".

EAD Estimation

- EAD represents the expected level of usage of the facility when default occurs.
- The EAD for retail exposures is generally based on the respective portfolio's summed outstanding exposure including any undrawn balances, and for revolving exposures such as credit cards the EAD estimation includes the estimated net additional drawings over the next 12 months.

LGD Estimation

- LGD is the estimated amount of loss expected if a loan/financing defaults, calculated as a percentage of EAD. The value depends on the collateral (if any) and other factors such as internal, external, direct and indirect costs associated with recoveries.
- LGD for retail exposures is estimated based on historical internal data and the following sources of recoveries are incorporated into the estimation:
  - (i) Regularisation of defaulted accounts.
  - (ii) Sale proceeds from collaterals.
  - (iii) Cash receipts from borrowers/customers.

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

RETAIL EXPOSURES (CONTINUED)

The following tables summarise the retail credit exposures measured under A-IRB Approach as at 31 December 2023 and 31 December 2022:

TABLE 17(A): RETAIL CREDIT EXPOSURES BY PD BAND FOR CIMBBG

	CIMBBG			
(RM'000) PD Range of Retail Exposures	**0% ≤ PD < 2%**	**2% ≤ PD < 100%**	**100% or Default**	**Total**
2023				
Total Retail Exposure	**152,595,939**	**56,813,500**	**4,976,916**	**214,386,356**
Residential Mortgage/RRE Financing	**100,804,640**	**11,521,505**	**3,584,922**	**115,911,067**
QRRE	**9,975,600**	**4,267,053**	**162,879**	**14,405,532**
Hire Purchase	**6,383,894**	**16,898,699**	**330,261**	**23,612,853**
Other Retail	**35,431,805**	**24,126,244**	**898,855**	**60,456,904**
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	**20%**	**24%**	**33%**	
QRRE	**89%**	**89%**	**89%**	
Hire Purchase	**44%**	**58%**	**56%**	
Other Retail	**23%**	**20%**	**37%**	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	**11%**	**88%**	**281%**	
QRRE	**19%**	**120%**	**505%**	
Hire Purchase	**52%**	**91%**	**352%**	
Other Retail	**18%**	**34%**	**168%**	
2022				
Total Retail Exposure	151,569,537	48,586,289	3,414,729	203,570,555
Residential Mortgage/RRE Financing	94,088,747	10,605,526	2,232,369	106,926,643
QRRE	9,232,274	3,621,143	141,587	12,995,004
Hire Purchase	14,162,186	6,647,658	323,737	21,133,582
Other Retail	34,086,330	27,711,962	717,035	62,515,327
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	20%	25%	33%	
QRRE	89%	89%	89%	
Hire Purchase	50%	63%	54%	
Other Retail	23%	18%	35%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	11%	92%	166%	
QRRE	19%	121%	402%	
Hire Purchase	53%	111%	355%	
Other Retail	18%	30%	139%	

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

RETAIL EXPOSURES (CONTINUED)

TABLE 17(B): RETAIL CREDIT EXPOSURES BY PD BAND FOR CIMBISLG

	CIMBISLG			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% or Default	Total
2023				
Total Retail Exposure	**57,023,192**	**35,172,700**	**2,236,645**	**94,432,537**
RRE Financing	**36,977,686**	**5,388,525**	**1,746,810**	**44,113,021**
QRRE	**336,659**	**255,524**	**5,813**	**597,995**
Hire Purchase	**4,255,872**	**13,572,537**	**232,610**	**18,061,019**
Other Retail	**15,452,976**	**15,956,115**	**251,412**	**31,660,503**
Exposure Weighted Average LGD				
RRE Financing	**22%**	**26%**	**36%**	
QRRE	**90%**	**90%**	**90%**	
Hire Purchase	**44%**	**59%**	**58%**	
Other Retail	**25%**	**12%**	**41%**	
Exposure Weighted Average Risk Weight				
RRE Financing	**13%**	**95%**	**307%**	
QRRE	**22%**	**110%**	**667%**	
Hire Purchase	**52%**	**91%**	**384%**	
Other Retail	**23%**	**19%**	**245%**	
2022				
Total Retail Exposure	55,158,601	28,041,856	1,270,209	84,470,665
RRE Financing	30,787,549	4,365,759	862,081	36,015,389
QRRE	200,412	134,066	3,171	337,649
Hire Purchase	10,398,573	4,812,861	204,069	15,415,504
Other Retail	13,772,066	18,729,170	200,888	32,702,124
Exposure Weighted Average LGD				
RRE Financing	23%	28%	36%	
QRRE	90%	90%	90%	
Hire Purchase	52%	65%	57%	
Other Retail	25%	11%	35%	
Exposure Weighted Average Risk Weight				
RRE Financing	13%	103%	192%	
QRRE	20%	112%	563%	
Hire Purchase	55%	112%	400%	
Other Retail	23%	18%	171%	

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

RETAIL EXPOSURES (CONTINUED)

TABLE 18(A): RETAIL EXPOSURES UNDER THE IRB APPROACH BY EXPECTED LOSS RANGE FOR CIMBBG

	CIMBBG			
(RM'000) EL Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
2023				
Total Retail Exposure	**177,272,635**	**37,039,514**	**74,208**	**214,386,356**
Residential Mortgage/RRE Financing	**108,143,186**	**7,759,753**	**8,129**	**115,911,067**
QRRE	**9,761,054**	**4,641,749**	**2,729**	**14,405,532**
Hire Purchase	**9,188,204**	**14,405,652**	**18,997**	**23,612,853**
Other Retail	**50,180,191**	**10,232,361**	**44,353**	**60,456,904**
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	**20%**	**30%**	**36%**	
QRRE	**89%**	**89%**	**90%**	
Hire Purchase	**42%**	**62%**	**51%**	
Other Retail	**19%**	**38%**	**74%**	
2022				
Total Retail Exposure	173,156,584	30,322,132	91,839	203,570,555
Residential Mortgage/RRE Financing	99,426,665	7,454,061	45,917	106,926,643
QRRE	9,099,950	3,893,086	1,967	12,995,004
Hire Purchase	13,260,252	7,858,054	15,276	21,133,582
Other Retail	51,369,717	11,116,931	28,679	62,515,327
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	20%	30%	39%	
QRRE	89%	89%	90%	
Hire Purchase	49%	63%	52%	
Other Retail	18%	34%	73%	

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

RETAIL EXPOSURES (CONTINUED)

TABLE 18(B): RETAIL EXPOSURES UNDER THE IRB APPROACH BY EXPECTED LOSS RANGE FOR CIMBISLG

	CIMBISLG			
(RM'000) EL Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
2023				
Total Retail Exposure	**74,300,406**	**20,101,262**	**30,869**	**94,432,537**
RRE Financing	**40,332,401**	**3,778,402**	**2,218**	**44,113,021**
QRRE	**290,887**	**307,107**	**–**	**597,995**
Hire Purchase	**6,183,672**	**11,866,265**	**11,082**	**18,061,019**
Other Retail	**27,493,445**	**4,149,488**	**17,569**	**31,660,503**
Exposure Weighted Average LGD				
RRE Financing	**23%**	**33%**	**36%**	
QRRE	**90%**	**90%**	**–**	
Hire Purchase	**42%**	**63%**	**55%**	
Other Retail	**17%**	**25%**	**60%**	
2022				
Total Retail Exposure	70,280,980	14,173,292	16,394	84,470,665
RRE Financing	32,855,622	3,155,042	4,725	36,015,389
QRRE	189,224	148,425	0	337,649
Hire Purchase	9,657,993	5,749,760	7,751	15,415,504
Other Retail	27,578,142	5,120,064	3,918	32,702,124
Exposure Weighted Average LGD				
RRE Financing	23%	33%	41%	
QRRE	90%	90%	90%	
Hire Purchase	51%	64%	56%	
Other Retail	16%	22%	58%	

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

NON-RETAIL EXPOSURES

Non-retail exposures covered under the F-IRB Approach include corporates (Specialised Lending/Financing uses supervisory slotting criteria), SMEs and banks. The PDs of these exposures are estimated from internal ratings assigned across a spectrum of risk levels on a master scale. Each internal rating has a corresponding 1-year average PD and a likely corresponding regulatory loan/financing classification. The LGDs of these exposures are assigned as per the CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets); that is an LGD of 45% for senior exposures and 75% for subordinated exposures, with appropriate adjustments for eligible collateral.

The process by which an internal rating is assigned to an obligor is governed by the Group Credit Risk Rating Methodology. Firstly, a risk model uses a weighted combination of quantitative and qualitative risk factors to generate an initial rating. The quantitative risk factors and weights are derived through statistical techniques and the qualitative risk factors and weights are derived through deliberation with credit experts. The initial rating may subsequently be upgraded or downgraded based on a predefined set of criteria, such as quality of financial statements and support from a parent entity. Finally, an approving authority deliberates before deciding on a final rating. If a facility is guaranteed by one or more corporate guarantors, then the framework recognises the credit risk mitigation by substituting the obligor rating with the corporate guarantor's rating.

The following tables summarise the Group's non-retail credit exposures measured under F-IRB Approach as at 31 December 2023 and 31 December 2022:

TABLE 19(A): CREDIT EXPOSURES SUBJECT TO SUPERVISORY RISK WEIGHT UNDER IRB APPROACH FOR CIMBBG

(RM'000)	CIMBBG					
Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
2023						
Project Finance	**845,775**	**6,179,891**	**131,361**	**788**	**–**	**7,157,816**
Object Finance	**–**	**–**	**–**	**–**	**–**	**–**
Commodities Finance	**–**	**–**	**–**	**–**	**–**	**–**
Income Producing Real Estate	**1,772,868**	**9,778,940**	**1,124,791**	**919,425**	**145,180**	**13,741,203**
RWA	**1,346,013**	**11,142,148**	**1,322,231**	**2,300,533**	**–**	**16,110,926**
2022						
Project Finance	288,663	6,274,373	145,403	332	80,357	6,789,128
Object Finance	–	–	–	–	–	–
Commodities Finance	–	–	–	–	–	–
Income Producing Real Estate	1,623,699	8,191,221	1,634,997	936,066	260,560	12,646,543
RWA	956,597	9,849,567	2,047,460	2,340,994	–	15,194,619

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

NON-RETAIL EXPOSURES (CONTINUED)

TABLE 19(B): CREDIT EXPOSURES SUBJECT TO SUPERVISORY RISK WEIGHT UNDER IRB APPROACH FOR CIMBISLG

(RM'000) Supervisory Categories	CIMBISLG					
	Strong	Good	Satisfactory	Weak	Default	Total
2023						
Project Finance	**214,348**	**442,397**	**106,386**	**455**	**–**	**763,586**
Object Finance	**–**	**–**	**–**	**–**	**–**	**–**
Commodities Finance	**–**	**–**	**–**	**–**	**–**	**–**
Income Producing Real Estate	**447,858**	**1,983,625**	**104,801**	**183,458**	**0**	**2,719,743**
RWA	**367,794**	**1,912,515**	**120,521**	**459,783**	**–**	**2,860,614**
2022						
Project Finance	–	350,517	115,019	288	–	465,825
Object Finance	–	–	–	–	–	–
Commodities Finance	–	–	–	–	–	–
Income Producing Real Estate	535,249	1,199,896	206,286	160,581	0	2,102,012
RWA	267,625	1,173,919	369,501	402,172	–	2,213,217

CIMBBG and CIMBISLG have no exposure to High Volatility Commercial Real Estate and Equities under the Supervisory Slotting Criteria.

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

NON-RETAIL EXPOSURES (CONTINUED)

TABLE 20(A): NON-RETAIL EXPOSURES UNDER IRB APPROACH BY RISK GRADES FOR CIMBBG

	CIMBBG				
(RM'000) Internal Risk Grading	1 – 7	8 – 15	16 – 25	Default	Total
2023					
Total Non-Retail Exposure	**59,159,844**	**87,139,186**	**29,357,626**	**4,090,366**	**179,747,022**
Sovereign/Central Banks	**–**	**–**	**–**	**–**	**–**
Bank	**27,249,807**	**11,952,949**	**38,219**	**17**	**39,240,991**
Corporate (excluding Specialised Lending/Financing)	**31,910,037**	**75,186,237**	**29,319,407**	**4,090,349**	**140,506,030**
Exposure Weighted Average LGD					
Sovereign/Central Banks	**–**	**–**	**–**	**–**	
Bank	**43%**	**44%**	**44%**	**45%**	
Corporate (excluding Specialised Lending/Financing)	**44%**	**39%**	**36%**	**43%**	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	**–**	**–**	**–**	**–**	
Bank	**15%**	**27%**	**136%**	**–**	
Corporate (excluding Specialised Lending/Financing)	**19%**	**64%**	**103%**	**–**	
2022					
Total Non-Retail Exposure	52,859,322	75,107,742	28,017,536	5,011,076	160,995,676
Sovereign/Central Banks	–	–	–	–	–
Bank	26,161,194	10,114,261	29,616	0	36,305,072
Corporate (excluding Specialised Lending/Financing)	26,698,128	64,993,480	27,987,920	5,011,076	124,690,604
Exposure Weighted Average LGD					
Sovereign/Central Banks	–	–	–	–	
Bank	44%	45%	44%	45%	
Corporate (excluding Specialised Lending/Financing)	44%	41%	36%	43%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	–	–	–	–	
Bank	21%	41%	121%	–	
Corporate (excluding Specialised Lending/Financing)	18%	69%	103%	–	

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

NON-RETAIL EXPOSURES (CONTINUED)

TABLE 20(B): NON-RETAIL EXPOSURES UNDER IRB APPROACH BY RISK GRADES FOR CIMBISLG

(RM'000)	CIMBISLG				
Internal Risk Grading	**1 – 7**	**8 – 15**	**16 – 25**	**Default**	**Total**
2023					
Total Non-Retail Exposure	**8,533,267**	**16,547,568**	**8,066,929**	**934,559**	**34,082,323**
Bank	**1,956,575**	**874,777**	**27**	**1**	**2,831,380**
Corporate (excluding Specialised Financing)	**6,576,692**	**15,672,791**	**8,066,902**	**934,558**	**31,250,943**
Exposure Weighted Average LGD					
Bank	**45%**	**45%**	**45%**	**45%**	
Corporate (excluding Specialised Financing)	**45%**	**41%**	**38%**	**43%**	
Exposure Weighted Average Risk Weight					
Bank	**16%**	**20%**	**207%**	**0%**	
Corporate (excluding Specialised Financing)	**10%**	**68%**	**111%**	**0%**	
2022					
Total Non-Retail Exposure	8,284,669	12,696,207	7,752,282	798,565	29,531,723
Bank	1,605,863	410,861	55	–	2,016,779
Corporate (excluding Specialised Financing)	6,678,806	12,285,347	7,752,227	798,565	27,514,945
Exposure Weighted Average LGD					
Bank	45%	45%	45%	0%	
Corporate (excluding Specialised Financing)	45%	40%	38%	43%	
Exposure Weighted Average Risk Weight					
Bank	22%	32%	204%	0%	
Corporate (excluding Specialised Financing)	11%	67%	102%	0%	

Credit Risk

CREDIT RISK – DISCLOSURE FOR PORTFOLIOS UNDER THE IRB APPROACH (CONTINUED)

EXPECTED LOSSES VERSUS ACTUAL LOSSES BY PORTFOLIO TYPES

The following table summarises the expected losses versus actual losses by portfolio type:

TABLE 21(A): ANALYSIS OF EXPECTED LOSS VERSUS ACTUAL LOSSES BY PORTFOLIO TYPES FOR CIMBBG

	CIMBBG			
	2023		2022	
(RM'000) Exposure Class	Regulatory Expected Losses as at 31 December 2022	Actual Losses for the year ended 31 December 2023	Regulatory Expected Losses as at 31 December 2021	Actual Losses for the year ended 31 December 2022
Sovereign	**–**	**–**	–	–
Bank	**18,583**	**0**	21,393	(0)
Corporate	**905,273**	**224,846**	914,981	91,960
Mortgage/RRE Financing	**508,869**	**243,740**	170,377	208,639
HPE	**592,766**	**235,779**	477,908	133,792
QRRE	**311,047**	**117,269**	338,929	49,600
Other Retail	**357,882**	**120,286**	277,141	23,676
Total	**2,694,421**	**941,920**	2,200,728	507,667

TABLE 21(B): ANALYSIS OF EXPECTED LOSS VERSUS ACTUAL LOSSES BY PORTFOLIO TYPES FOR CIMBISLG

	CIMBISLG			
	2023		2022	
(RM'000) Exposure Class	Regulatory Expected Losses as at 31 December 2022	Actual Losses for the year ended 31 December 2023	Regulatory Expected Losses as at 31 December 2021	Actual Losses for the year ended 31 December 2022
Sovereign	**–**	**–**	–	–
Bank	**702**	**–**	374	–
Corporate	**180,505**	**85,082**	197,233	68,064
RRE Financing	**215,066**	**112,952**	51,047	93,830
HPE	**336,028**	**156,572**	264,538	78,048
QRRE	**9,499**	**4,877**	7,062	1,873
Other Retail	**219,385**	**56,390**	167,214	30,597
Total	**961,185**	**415,873**	687,468	272,411

Actual loss refers to impairment provisions and direct write-offs, if any during the year.

On the other hand, EL measures the loss expected from non-defaulted exposures at the start of the year. It is computed based on the risk parameters of the adopted IRB Approach. While a comparison of actual losses and EL provides some insight of the predictive power of the IRB Approach models used by the Group, the two metrics are not directly comparable due to the differences in methodology.

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR)

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

I) CREDIT RISK MITIGATION

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC or the relevant credit approving authority.

II) TREATMENT OF RATING DOWNGRADE

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 31 December 2023 and 31 December 2022 there was no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

The following tables disclose the Off-Balance Sheet exposures and CCR as at 31 December 2023 and 31 December 2022:

TABLE 22(A): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBBG

2023	**CIMBBG**			
(RM'000) Description	**Principal Amount**	**Positive Fair Value of Derivative Contracts**	**Credit Equivalent Amount**	**Risk-Weighted Assets**
Direct Credit Substitutes	**4,604,042**		**4,604,042**	**2,097,827**
Transaction Related Contingent Items	**6,157,807**		**3,078,904**	**1,771,725**
Short Term Self Liquidating Trade Related Contingencies	**2,417,386**		**483,477**	**121,279**
Assets Sold With Recourse	**–**		**–**	**–**
Forward Asset Purchases	**–**		**–**	**–**
Obligations under an On-going Underwriting Agreement	**–**		**–**	**–**
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)/Commitments to buy back Islamic securities under Sales and Buy Back Agreement	**4,315,886**		**4,315,973**	**196,882**
Foreign Exchange Related Contracts				
One year or less	**33,975,860**	**226,916**	**633,155**	**439,652**
Over one year to five years	**850,170**	**1,566**	**53,188**	**49,134**
Over five years	**–**	**–**	**–**	**–**
Interest/Profit Rate Related Contracts				
One year or less	**3,593,267**	**13,977**	**22,072**	**17,509**
Over one year to five years	**7,615,472**	**69,952**	**349,342**	**215,308**
Over five years	**1,123,547**	**12,204**	**103,250**	**88,459**

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

TABLE 22(A): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBBG (CONTINUED)

2023	CIMBBG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Equity Related Contracts				
One year or less	421,781	16,126	41,432	39,626
Over one year to five years	237,101	16,110	35,078	43,731
Over five years	–	–	–	–
Commodity Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
Credit Derivative Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	1,399,585,404	3,944,810	18,866,644	6,244,523
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	44,934,922		39,083,202	13,258,228
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	345,810		69,162	54,621
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's/customer's creditworthiness	120,302,942		–	–
Unutilised credit card lines	26,444,018		7,288,957	2,048,502
Off-balance sheet items for securitisation exposures	–		–	–
Off-balance sheet exposures due to early amortisation provisions	–		–	–
Total	**1,656,925,416**	**4,301,658**	**79,027,877**	**26,687,005**

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

TABLE 22(A): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBBG (CONTINUED)

2022	CIMBBG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	3,924,792		3,924,792	2,575,002
Transaction Related Contingent Items	5,913,646		2,956,823	1,736,334
Short Term Self Liquidating Trade Related Contingencies	1,752,664		350,533	165,675
Assets Sold With Recourse	–		–	–
Forward Asset Purchases	–		–	–
Obligations under an On-going Underwriting Agreement	–		–	–
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)/Commitments to buy back Islamic securities under Sales and Buy Back Agreement	5,346,790		5,346,831	174,680
Foreign Exchange Related Contracts				
One year or less	17,697,124	163,106	369,528	248,140
Over one year to five years	782,497	9,063	55,859	24,722
Over five years	–	–	–	–
Interest/Profit Rate Related Contracts				
One year or less	1,328,928	6,178	10,049	7,392
Over one year to five years	4,135,807	21,997	117,368	56,009
Over five years	804,445	6,163	79,442	66,958
Equity Related Contracts				
One year or less	293,828	22,202	39,832	52,226
Over one year to five years	237,002	8,596	27,556	27,587
Over five years	–	–	–	–
Commodity Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
Credit Derivative Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	1,548,374,596	5,802,366	23,498,882	9,274,909
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	44,730,064		39,277,564	13,139,140
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	231,069		46,214	35,001
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's/customer's creditworthiness	111,670,939		–	–
Unutilised credit card lines	24,417,425		6,674,288	1,693,867
Off-balance sheet items for securitisation exposures	–		–	–
Off-balance sheet exposures due to early amortisation provisions	–		–	–
Total	1,771,641,615	6,039,672	82,775,560	29,277,642

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

TABLE 22(B): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBISLG

2023	CIMBISLG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	511,711		511,711	312,465
Transaction Related Contingent Items	1,052,036		526,018	293,056
Short Term Self Liquidating Trade Related Contingencies	111,852		22,370	11,589
Assets Sold With Recourse	–		–	–
Forward Asset Purchases	–		–	–
Obligations under an On-going Underwriting Agreement	–		–	–
Commitments to buy back Islamic securities under Sales and Buy Back agreement	66,585		66,585	11,659
Foreign Exchange Related Contracts				
One year or less	2,373,156	10,809	35,727	39,048
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
Profit Rate Related Contracts				
One year or less	324,151	2,029	2,431	1,381
Over one year to five years	1,065,212	2,972	34,624	19,152
Over five years	125,233	5,036	12,445	8,108
Commodity contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	35,115,307	79,195	484,123	125,951
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	18,207,192		16,130,824	5,516,238
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	–		–	–
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	13,506,131		–	–
Unutilised credit card lines	649,190		297,489	123,773
Off-balance sheet items for securitisation exposures	–		–	–
Total	**73,107,757**	**100,041**	**18,124,348**	**6,462,420**

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

TABLE 22(B): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBISLG (CONTINUED)

2022	CIMBISLG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	341,515		341,515	241,962
Transaction Related Contingent Items	962,192		481,096	249,949
Short Term Self Liquidating Trade Related Contingencies	135,912		27,182	20,212
Assets Sold With Recourse	–		–	–
Forward Asset Purchases	–		–	–
Obligations under an On-going Underwriting Agreement	–		–	–
Commitments to buy back Islamic securities under Sales and Buy Back agreement	77,597		77,597	13,806
Foreign Exchange Related Contracts				
One year or less	2,892,526	52,339	87,648	74,839
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
Profit Rate Related Contracts				
One year or less	26,548	1,546	1,823	1,444
Over one year to five years	139,629	594	2,994	3,198
Over five years	13,385	20	803	757
Commodity Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	29,312,029	14,052	273,930	63,914
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	17,022,238		15,270,164	4,925,373
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	–		–	–
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	12,285,454		–	–
Unutilised credit card lines	360,498		147,581	47,726
Off-balance sheet items for securitisation exposures	–		–	–
Total	63,569,523	68,551	16,712,332	5,643,180

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

TABLE 22(C): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBIBG

2023	CIMBIBG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	-		-	-
Transaction Related Contingent Items	-		-	-
Short Term Self Liquidating Trade Related Contingencies	-		-	-
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/ reverse repurchase and securities lending/borrowing transactions)	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Commodity Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-		-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	-	-	-	-

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

TABLE 22(C): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBIBG (CONTINUED)

2022	CIMBIBG			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	–		–	–
Transaction Related Contingent Items	–		–	–
Short Term Self Liquidating Trade Related Contingencies	–		–	–
Assets Sold With Recourse	–		–	–
Forward Asset Purchases	–		–	–
Obligations under an On-going Underwriting Agreement	87,500		43,750	43,750
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/ reverse repurchase and securities lending/borrowing transactions)	–		–	–
Foreign Exchange Related Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
Commodity Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
Credit Derivative Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	–	–	–	–
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	–		–	–
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	–		–	–
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	–		–	–
Unutilised credit card lines	–		–	–
Off-balance sheet items for securitisation exposures	–		–	–
Off-balance sheet exposures due to early amortisation provisions	–		–	–
Total	87,500	–	43,750	43,750

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

The tables below show the credit derivative transactions that create exposures to CCR (notional value) segregated between own use and client intermediation activities:

TABLE 23(A): DISCLOSURE ON CREDIT DERIVATIVE TRANSACTIONS FOR CIMBBG

	CIMBBG			
	2023		2022	
	Notional of Credit Derivatives			
(RM'000)	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	**266,981**	**1,388,509**	109,763	1,411,281
Client Intermediation Activities	**–**	**–**	–	–
Total	**266,981**	**1,388,509**	109,763	1,411,281
Credit Default Swaps	**266,981**	**1,388,509**	109,763	1,411,281
Total Return Swaps	–	–	–	–
Total	**266,981**	**1,388,509**	109,763	1,411,281

TABLE 23(B): DISCLOSURE ON CREDIT DERIVATIVE TRANSACTIONS FOR CIMBISLG

	CIMBISLG			
	2023		2022	
	Notional of Credit Derivatives			
(RM'000)	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	**–**	**–**	–	–
Client Intermediation Activities	**–**	**19,900**	–	20,200
Total	**–**	**19,900**	–	20,200
Credit Default Swaps	**–**	**–**	–	–
Total Return Swaps	**–**	**19,900**	–	20,200
Total	**–**	**19,900**	–	20,200

TABLE 23(C): DISCLOSURE ON CREDIT DERIVATIVE TRANSACTIONS FOR CIMBIBG

	CIMBIBG			
	2023		2022	
	Notional of Credit Derivatives			
(RM'000)	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	**–**	**–**	–	–
Client Intermediation Activities	**–**	**–**	–	–
Total	**–**	**–**	–	–
Credit Default Swaps	**–**	**–**	–	–
Total Return Swaps	**–**	**–**	–	–
Total	**–**	**–**	–	–

Credit Risk

CREDIT RISK MITIGATION

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support, form an integral part of the credit risk management process. Credit risk mitigants are taken, where possible, and are considered secondary recourse to the obligor for the credit risk underwritten.

I) COLLATERALS/SECURITIES

All extension of secured credit facilities deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy/standard. GCC or the relevant credit approving authority is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, quoted shares, unit trusts and debt securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

II) COLLATERAL VALUATION AND MANAGEMENT

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a procedure for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

III) NETTING

In mitigating the counterparty credit risks in foreign exchange and derivative transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

IV) PORTFOLIO DIVERSIFICATION FOR BETTER CLARITY

The Group avoids unwanted credit or market risk concentrations by diversifying our portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

Credit Risk

CREDIT RISK MITIGATION (CONTINUED)

The following tables summarise the extent of which exposures are covered by eligible credit risk mitigants as at 31 December 2023 and 31 December 2022:

TABLE 24(A): DISCLOSURE ON CREDIT RISK MITIGATION FOR CIMBBG

2023	CIMBBG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Performing Exposures				
Sovereign/Central Banks	**110,844,905**	–	–	–
Public Sector Entities	**12,673,652**	12,430,043	63	–
Banks, DFIs & MDBs	**41,854,760**	450,265	1,938,408	–
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	**4,978,444**	–	859,667	–
Corporate	**192,824,562**	9,844,372	14,902,373	24,961,311
Residential Mortgages/RRE Financing	**128,929,887**	–	740	–
Qualifying Revolving Retail	**14,242,653**	–	–	–
Hire Purchase	**23,282,592**	–	–	–
Other Retail	**87,677,550**	6,476,843	1,135,857	–
Securitisation	**409,415**	–	–	–
Equity	**60**	–	–	–
Higher Risk Assets	**1,719,237**	–	–	–
Other Assets	**18,569,547**	–	–	–
Defaulted Exposures	**7,620,930**	44,717	60,935	699,765
Total Exposures	**645,628,195**	**29,246,240**	**18,898,043**	**25,661,076**

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

Credit Risk

CREDIT RISK MITIGATION (CONTINUED)

TABLE 24(A): DISCLOSURE ON CREDIT RISK MITIGATION FOR CIMBBG (CONTINUED)

2022	CIMBBG			
(RM'000) Exposure Class	**Exposures before CRM**	**Exposures Covered by Guarantees/ Credit Derivatives**	**Exposures Covered by Eligible Financial Collateral**	**Exposures Covered by Other Eligible Collateral**
Performing Exposures				
Sovereign/Central Banks	107,983,552	–	–	–
Public Sector Entities	12,695,143	9,539,445	61	–
Banks, DFIs & MDBs	38,677,347	812,603	1,029,491	–
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	7,709,205	–	1,414,014	–
Corporate	170,998,270	8,454,149	10,629,261	22,527,011
Residential Mortgages/RRE Financing	118,399,697	–	893	–
Qualifying Revolving Retail	12,853,416	–	–	–
Hire Purchase	20,809,844	–	–	–
Other Retail	89,540,729	5,989,742	1,770,815	–
Securitisation	404,626	–	–	–
Equity	72	–	–	–
Higher Risk Assets	1,672,370	–	–	–
Other Assets	21,494,564	–	–	–
Defaulted Exposures	6,195,720	32,375	64,230	664,477
Total Exposures	609,434,556	24,828,314	14,908,765	23,191,487

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

Credit Risk

CREDIT RISK MITIGATION (CONTINUED)

TABLE 24(B): DISCLOSURE ON CREDIT RISK MITIGATION FOR CIMBISLG

2023	CIMBISLG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Performing Exposures				
Sovereign/Central Banks	**25,751,378**	**–**	**–**	**–**
Public Sector Entities	**3,075,973**	**2,930,043**	**–**	**–**
Banks, DFIs & MDBs	**2,831,389**	**–**	**2**	**–**
Takaful Operators, Securities Firms & Fund Managers	**0**	**–**	**–**	**–**
Corporate	**37,590,758**	**3,184,843**	**807,254**	**9,248,739**
RRE Financing	**42,788,092**	**–**	**–**	**–**
Qualifying Revolving Retail	**592,182**	**–**	**–**	**–**
Hire Purchase	**17,828,409**	**–**	**–**	**–**
Other Retail	**39,723,896**	**1,483,570**	**88,290**	**–**
Securitisation	**15,354**	**–**	**–**	**–**
Higher Risk Assets	**–**	**–**	**–**	**–**
Other Assets	**246,492**	**–**	**–**	**–**
Defaulted Exposures	**2,771,436**	**797**	**6,331**	**123,323**
Total Exposures	**173,215,359**	**7,599,253**	**901,877**	**9,372,061**

2022	CIMBISLG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Performing Exposures				
Sovereign/Central Banks	26,237,445	–	–	–
Public Sector Entities	3,108,358	2,539,445	–	–
Banks, DFIs & MDBs	2,016,799	–	120	–
Takaful Operators, Securities Firms & Fund Managers	–	–	–	–
Corporate	32,427,607	3,109,375	730,121	8,307,874
RRE Financing	35,515,470	–	–	–
Qualifying Revolving Retail	334,478	–	–	–
Hire Purchase	15,211,435	–	–	–
Other Retail	40,693,322	1,113,452	687,657	–
Securitisation	–	–	–	–
Higher Risk Assets	–	–	–	–
Other Assets	347,779	–	–	–
Defaulted Exposures	1,701,740	203	6,175	122,102
Total Exposures	157,594,434	6,762,474	1,424,073	8,429,977

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

Credit Risk

CREDIT RISK MITIGATION (CONTINUED)

TABLE 24(C): DISCLOSURE ON CREDIT RISK MITIGATION FOR CIMBIBG

2023	CIMBIBG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Performing Exposures				
Sovereign/Central Banks	**451,626**	**–**	**–**	**–**
Public Sector Entities	**–**	**–**	**–**	**–**
Banks, DFIs & MDBs	**157,782**	**–**	**–**	**–**
Insurance Cos, Securities Firms & Fund Managers	**–**	**–**	**–**	**–**
Corporate	**16,139**	**–**	**–**	**–**
Residential Mortgages	**–**	**–**	**–**	**–**
Qualifying Revolving Retail	**–**	**–**	**–**	**–**
Hire Purchase	**–**	**–**	**–**	**–**
Other Retail	**–**	**–**	**–**	**–**
Securitisation	**–**	**–**	**–**	**–**
Higher Risk Assets	**–**	**–**	**–**	**–**
Other Assets	**35,256**	**–**	**–**	**–**
Defaulted Exposures	**–**	**–**	**–**	**–**
Total Exposures	**660,803**	**–**	**–**	**–**

2022	CIMBIBG			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Performing Exposures				
Sovereign/Central Banks	110,125	–	–	–
Public Sector Entities	–	–	–	–
Banks, DFIs & MDBs	211,004	–	–	–
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–
Corporate	50,698	–	–	–
Residential Mortgages	–	–	–	–
Qualifying Revolving Retail	–	–	–	–
Hire Purchase	–	–	–	–
Other Retail	–	–	–	–
Securitisation	–	–	–	–
Higher Risk Assets	–	–	–	–
Other Assets	36,837	–	–	–
Defaulted Exposures	–	–	–	–
Total Exposures	408,664	–	–	–

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

Securitisation

THE ROLE CIMB PLAYS IN THE SECURITISATION PROCESS

In the course of its business, CIMB Group has undertaken securitisations of its own originated assets as a means of diversifying funding source, as well as advised on securitisations of third party assets as part of its regional debt capital markets services for its clients.

CIMB Group securitises its own assets in order to, amongst others, manage credit risk and to manage term funding for CIMB Group's balance sheet. Typically, CIMB Group undertakes the following roles in the securitisation activities (either singularly or in combination):

- Originator and servicer of securitised assets
- Asset-backed securities marketing, syndication and trading
- Provider of liquidity facilities to self-originated and third-party transactions
- Investor of third-party securitisations (where CIMB is not originator or sponsor)

DISCLOSURE ON SECURITISATION FOR BANKING BOOK

The following tables show the disclosure on Securitisation for Banking Book for 31 December 2023 and 31 December 2022:

TABLE 25(A): DISCLOSURE ON SECURITISATION FOR BANKING BOOK FOR CIMBBG

	CIMBBG			
(RM'000) Underlying Asset	**Total Exposures Securitised**	**Past Due**	**Credit Impaired**	**Gains/(Losses) Recognised during the year**
2023				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	**11,406**	**2,156**	**1,151**	**(127)**
2022				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	48,859	5,790	2,425	388

TABLE 25(B): DISCLOSURE ON SECURITISATION FOR BANKING BOOK FOR CIMBISLG

	CIMBISLG			
(RM'000) Underlying Asset	**Total Exposures Securitised**	**Past Due**	**Credit Impaired**	**Gains/(Losses) Recognised during the year**
2023				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	**–**	**–**	**–**	**–**
2022				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	–	–	–	–

There were no outstanding exposures securitised by CIMBIBG as at 31 December 2023 and 31 December 2022.

Securitisation

DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK

The tables below represent the disclosure on Securitisation under the SA for Banking Book:

TABLE 26(A): DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK EXPOSURES FOR CIMBBG

2023	CIMBBG											
			Distribution of Exposures after CRM according to Applicable Risk Weights									
			Rated Securitisation Exposures							Unrated (Look Through)		
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	Risk-Weighted Assets
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	409,415	-	-	-	409,415	-	-	-	-			81,883
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Originating Banking Institution												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-			-
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Total Exposures	**409,415**	**-**	**-**	**-**	**409,415**	**-**	**-**	**-**	**-**	**-**	**-**	**81,883**

Securitisation

DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK (CONTINUED)

TABLE 26(A): DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK EXPOSURES FOR CIMBBG (CONTINUED)

2022	CIMBBG Distribution of Exposures after CRM according to Applicable Risk Weights											
			Rated Securitisation Exposures							Unrated (Look Through)		
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	Risk-Weighted Assets
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	400,050	–	–	–	400,050	–	–	–	–			80,010
Mezzanine	4,576	–	–	–	4,576	–	–	–	–			915
First loss	–	–	–	–	–	–	–	–	–			–
Off-Balance Sheet												
Rated eligible liquidity facilities	–	–			–	–	–	–	–			–
Unrated eligible liquidity facilities (with original maturity > 1 year)	–	–			–	–	–	–	–			–
Unrated eligible liquidity facilities (with original maturity < 1 year)	–	–			–	–	–	–	–			–
Eligible servicer cash advance facilities	–	–			–	–	–	–	–			–
Eligible underwriting facilities	–	–			–	–	–	–	–			–
Guarantees and credit derivatives	–	–			–	–	–	–	–			–
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	–	–			–	–	–	–	–			–
Originating Banking Institution												
On-Balance Sheet												
Most senior	–	–	–	–	–	–	–	–	–			–
Mezzanine	–	–	–	–	–	–	–	–	–			–
First loss	–	–	–	–	–	–	–	–	–			–
Off-Balance Sheet												
Rated eligible liquidity facilities	–	–			–	–	–	–	–			–
Unrated eligible liquidity facilities (with original maturity > 1 year)	–	–			–	–	–	–	–	–	–	–
Unrated eligible liquidity facilities (with original maturity < 1 year)	–	–			–	–	–	–	–			–
Eligible servicer cash advance facilities	–	–			–	–	–	–	–			–
Eligible underwriting facilities	–	–			–	–	–	–	–			–
Guarantees and credit derivatives	–	–			–	–	–	–	–			–
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	–	–			–	–	–	–	–			–
Total Exposures	404,626	–	–	–	404,626	–	–	–	–	–	–	80,925

Securitisation

DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK (CONTINUED)

TABLE 26(B): DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK EXPOSURES FOR CIMBISLG

2023	CIMBISLG Distribution of Exposures after CRM according to Applicable Risk Weights											
			Rated Securitisation Exposures							Unrated (Look Through)		
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	Risk-Weighted Assets
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	15,354	-	-	-	15,354	-	-	-	-			3,071
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Originating Banking Institution												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-			-
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-
Total Exposures	15,354	-	-	-	15,354	-	-	-	-	-	-	3,071

Securitisation

DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK (CONTINUED)

TABLE 26(B): DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK EXPOSURES FOR CIMBISLG (CONTINUED)

2022	CIMBISLG											
	Distribution of Exposures after CRM according to Applicable Risk Weights											
			Rated Securitisation Exposures							Unrated (Look Through)		
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	Risk-Weighted Assets
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	–	–	–	–	–	–	–	–	–			–
Mezzanine	–	–	–	–	–	–	–	–	–			–
First loss	–	–	–	–	–	–	–	–	–			–
Off-Balance Sheet												
Rated eligible liquidity facilities	–	–			–	–	–	–	–			–
Unrated eligible liquidity facilities (with original maturity > 1 year)	–	–			–	–	–	–	–			–
Unrated eligible liquidity facilities (with original maturity < 1 year)	–	–			–	–	–	–	–			–
Eligible servicer cash advance facilities	–	–			–	–	–	–	–			–
Eligible underwriting facilities	–	–			–	–	–	–	–			–
Guarantees and credit derivatives	–	–			–	–	–	–	–			–
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	–	–			–	–	–	–	–			–
Originating Banking Institution												
On-Balance Sheet												
Most senior	–	–	–	–	–	–	–	–	–			–
Mezzanine	–	–	–	–	–	–	–	–	–			–
First loss	–	–	–	–	–	–	–	–	–			–
Off-Balance Sheet												
Rated eligible liquidity facilities	–	–			–	–	–	–	–			–
Unrated eligible liquidity facilities (with original maturity > 1 year)	–	–			–	–	–	–	–	–	–	–
Unrated eligible liquidity facilities (with original maturity < 1 year)	–	–			–	–	–	–	–			–
Eligible servicer cash advance facilities	–	–			–	–	–	–	–			–
Eligible underwriting facilities	–	–			–	–	–	–	–			–
Guarantees and credit derivatives	–	–			–	–	–	–	–			–
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	–	–			–	–	–	–	–			–
Total Exposures	–	–	–	–	–	–	–	–	–	–	–	–

As at 31 December 2023 and 31 December 2022, CIMBIBG has no Securitisation under the SA for Banking Book Exposures.

Securitisation

SECURITISATION UNDER THE SA FOR TRADING BOOK EXPOSURES SUBJECT TO MARKET RISK CAPITAL CHARGE

The tables below present the Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge:

TABLE 27(A): DISCLOSURE ON SECURITISATION UNDER THE SA FOR TRADING BOOK EXPOSURES SUBJECT TO MARKET RISK CAPITAL CHARGE FOR CIMBBG

2023	CIMBBG				
(RM'000) Securitisation Exposures	Total Exposure Value of Positions Purchased or Retained	Exposures subject to deduction	General Risk Charge	Specific Risk Charge	Risk-Weighted Assets
TRADITIONAL SECURITISATION					
Originated by Third Party					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Sub-total	–	–	–	–	–
Originated by Banking Institution					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Sub-total	–	–	–	–	–
Securitisation subject to Early Amortisation					
Seller's interest					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Investor's interest					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Sub-total	–	–	–	–	–
TOTAL (TRADITIONAL SECURITISATION)	–	–	–	–	–

Securitisation

SECURITISATION UNDER THE SA FOR TRADING BOOK EXPOSURES SUBJECT TO MARKET RISK CAPITAL CHARGE (CONTINUED)

TABLE 27(A): DISCLOSURE ON SECURITISATION UNDER THE SA FOR TRADING BOOK EXPOSURES SUBJECT TO MARKET RISK CAPITAL CHARGE FOR CIMBBG (CONTINUED)

2022	CIMBBG				
(RM'000) Securitisation Exposures	Total Exposure Value of Positions Purchased or Retained	Exposures subject to deduction	General Risk Charge	Specific Risk Charge	Risk-Weighted Assets
TRADITIONAL SECURITISATION					
Originated by Third Party					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Sub-total	–	–	–	–	–
Originated by Banking Institution					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Sub-total	–	–	–	–	–
Securitisation subject to Early Amortisation					
Seller's interest					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Investor's interest					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Sub-total	–	–	–	–	–
TOTAL (TRADITIONAL SECURITISATION)	–	–	–	–	–

As at 31 December 2023 and 31 December 2022, CIMBISLG and CIMBIBG have no Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge.

Market Risk

Market risk is defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest rates/ profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

MARKET RISK MANAGEMENT

The Group hedges the exposures to market risk by employing various strategies, including the use of derivative instruments.

The Group adopts various measures as part of the risk management process. The GRCC with the assistance of GMCRC and its delegated committees ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board.

Market Risk CoE is responsible for measuring and controlling the Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework. Market Risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by Market Risk Management quantitative analysts to assess their applicability relative to market conditions.

The Group adopts the VaR methodology as an approach in the measurement of market risk. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limit usage, assessing limit adequacy and verifying transaction prices.

CAPITAL TREATMENT FOR MARKET RISK

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

Details on RWA and capital requirements related to Market Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG for the following in Tables 2(a), (b) and (c):

- Interest Rate Risk/Profit Rate Risk;
- Foreign Currency Risk;
- Equity Risk;
- Commodity Risk; and
- Options Risk.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. It includes legal risk but excludes strategic and Shariah non-compliance risks.

OPERATIONAL RISK MANAGEMENT OVERSIGHT

The NFRM CoE, within Group Risk, provides the methodology, tools and processes for the identification, assessment, reporting and management of operational risks by the respective risk owners across the Group. Identified risks are rated using a defined risk rating methodology applied across the Group's Three Lines-of-Defence. The NFRM CoE also independently oversees the identification and monitoring of operational risk and controls that resides within the first line-of-defence.

Monitoring of the identified risks is primarily done through the Operational Risk Committee or relevant risk management committees operating in each material geography and business line. These committees report up to the relevant functional or country level committees.

The Group Operational & Resiliency Risk Management Committee (GORRC) is the committee established at the Group-level that is tasked to oversee the operational risk framework and policies to ensure they are appropriate for the size and complexity of the current and future operations of CIMB Group and make recommendation to the GRCC for approval. GORRC oversees and monitors the overall operational risk control environment of CIMB Group and reports to GRCC on material operational risks.

OPERATIONAL RISK MANAGEMENT APPROACH

CIMB Group recognises that the key determinant for a well-managed banking operation is to cultivate an organisation-wide risk management discipline and culture. The Group manages operational risks through the following key measures:

i) Sound risk management practices in accordance with Basel regulatory guidelines;
ii) Management oversight;
iii) Well-defined responsibilities for all personnel concerned;
iv) Establishment of a risk management culture; and
v) Deployment of Operational Risk Management (ORM) tools that include:
    - Operational Event and Loss Data Management;
    - Risk & Control Self-Assessment;
    - Control Issue Management;
    - Key Risk Indicators;
    - Product Approval Process; and
    - Scenario Analysis.

Operational Risk

OPERATIONAL RISK MANAGEMENT APPROACH (CONTINUED)

These tools form part of the operational risk framework that allows the Group to effectively identify, measure, mitigate and report its operational risks. Each material division of the Group self-assesses on their internal risk and control environment rating and report key control deficiencies with remediation plans.

Each new product and product variation, including changes to the product related process flow is subjected to rigorous risk review, where all critical and relevant areas of risk are being appropriately identified and assessed independently from the risk takers or product owners.

The promotion of a risk management culture within the Group, whereby the demand for integrity and honesty is non-negotiable, remains the core theme in our operational risk awareness program. Additionally, the e-learning module on operational risk management has enhanced the awareness of operational risk amongst the staff.

CAPITAL TREATMENT FOR OPERATIONAL RISK

The Group adopts the Basic Indicator Approach to compute operational risk capital requirement under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

Details on RWA and capital requirements related to Operational Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG in Tables 2 (a), (b) and (c).

Equity Exposures in Banking Book

The Group's banking book equity investments consist of:

i) Strategic stakes in entities held as part of growth initiatives and/or in support of business operations; and

ii) Investments held for yield and/or long-term capital gains.

The Group's and CIMB's banking book equity investments are measured at fair value in accordance with Malaysian Financial Reporting Standards.

Realised and unrealised gains or losses arising from sales and liquidations of equities for the year ended 31 December 2023 and 31 December 2022 are as follows:

TABLE 28(A): REALISED GAINS/(LOSSES) FROM SALES AND LIQUIDATIONS, AND UNREALISED GAINS OF EQUITIES FOR CIMBBG

	CIMBBG	
(RM'000)	2023	2022
Realised loss		
Shares, private equity funds and unit trusts	**–**	–
Unrealised gains		
Shares, private equity funds and unit trusts	**36,024**	38,506

There were no realised and unrealised gained or losses for equity holdings in banking book for CIMBISLG and CIMBIBG as at 31 December 2023 and 31 December 2022.

The following table shows an analysis of equity investments by appropriate equity groupings and Risk-Weighted assets as at 31 December 2023 and 31 December 2022 for the Group:

TABLE 29(A): ANALYSIS OF EQUITY INVESTMENTS BY GROUPING AND RWA FOR CIMBBG

	CIMBBG			
	2023		2022	
(RM'000)	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	**1,704,921**	**2,557,381**	1,658,490	2,487,735
Publicly traded	**60**	**60**	72	72
Total	**1,704,981**	**2,557,442**	1,658,562	2,487,807

TABLE 29(B): ANALYSIS OF EQUITY INVESTMENTS BY GROUPING AND RWA FOR CIMBISLG

	CIMBISLG			
	2023		2022	
(RM'000)	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	**–**	**–**	–	–
Publicly traded	**–**	**–**	–	–
Total	**–**	**–**	–	–

Equity Exposures in Banking Book

TABLE 29(C): ANALYSIS OF EQUITY INVESTMENTS BY GROUPING AND RWA FOR CIMBIBG

	CIMBIBG			
	2023		2022	
(RM'000)	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	–	–	–	–
Publicly traded	–	–	–	–
Total	–	–	–	–

Interest Rate Risk/Rate of Return Risk in the Banking Book

IRRBB/RORBB is defined as the current and potential risk to the Group's earnings and economic value arising from movement of interest rates/profit rates.

IRRBB/RORBB MANAGEMENT

The Group manages its banking book exposure to fluctuations in the interest rates/profit rates through policies established by GALCO. The GALCO is a board-delegated committee which reports to the GRCC. IRRBB/RORBB undertaken by the Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by the Group. The risk appetite is established by the Board. With the support from ALM COE under Group Risk, EXCO Balance Sheet Management under Group Corporate Treasury and Capital Management under Group Finance, the GALCO is responsible for steering the Group's balance sheet and hedging strategies, the overall interest rate risk/rate of return risk in the banking book profile and ensuring that such risk profile is within the established risk appetite. Interest rate risk/rate of return risk in the banking book exposure based on balance sheet forecasts and relevant risk drivers are projected to help in business and hedging strategies planning. Treasury & Markets, together with EXCO Balance Sheet Management and Capital Management, are responsible for the day-to-day management of exposures and gapping activities including execution of hedging strategies.

IRRBB/RORBB is measured by:

- **ECONOMIC VALUE OF EQUITY SENSITIVITY:**

  Measures the long-term impact of sudden interest rate/profit rate movement across the full maturity spectrum of the Group's assets and liabilities. It defines and quantifies interest rate risk/rate of return risk as the change in the economic value of equity (e.g. present value of potential future earnings and capital) as asset portfolio values and liability portfolio values would rise and fall with changes in interest rates/profit rates. This measure helps the Group to quantify the risk and impact on capital with the focus on current banking book positions.

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest rate/profit rate shock is applied. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing are profiled based on core balance assumptions. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

The tables below illustrate the Group's IRRBB/RORBB under a 100 bps parallel upward interest rate/profit rate shock from economic value perspective:

TABLE 30(A): IRRBB – IMPACT ON ECONOMIC VALUE FOR CIMBBG

	CIMBBG	
	2023	**2022**
(RM'000) **Currency**	**+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)**	
Ringgit Malaysia	**(3,565,302)**	(3,148,261)
US Dollar	**(239,374)**	(127,165)
Thai Baht	**(617,898)**	(499,026)
Singapore Dollar	**(171,138)**	(241,653)
Others	**(107,321)**	(40,639)
Total	**(4,701,033)**	(4,056,744)

Interest Rate Risk/Rate of Return Risk in the Banking Book

IRRBB/RORBB MANAGEMENT (CONTINUED)

- **ECONOMIC VALUE OF EQUITY SENSITIVITY: (CONTINUED)**

TABLE 30(B): RORBB – IMPACT ON ECONOMIC VALUE FOR CIMBISLG

(RM'000) Currency	CIMBISLG 2023	2022
	+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	**(1,036,801)**	(826,305)
US Dollar	**(17,166)**	2,965
Thai Baht	**2**	–
Singapore Dollar	**2**	1
Others	**(2,470)**	(644)
Total	**(1,056,433)**	(823,983)

TABLE 30(C): IRRBB – IMPACT ON ECONOMIC VALUE FOR CIMBIBG

(RM'000) Currency	CIMBIBG 2023	2022
	+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	**(13,586)**	(104)
US Dollar	**–**	–
Thai Baht	**–**	–
Singapore Dollar	**–**	–
Others	**–**	–
Total	**(13,586)**	(104)

- **EARNINGS-AT-RISK:**

The potential impact of interest/profit rate changes on the Bank's accruing or reported earnings. It focuses on risk-to-earnings in the near term, typically the next one year. Fluctuations in interest rates/profit rates generally affect reported earnings through changes in the Bank's net interest/profit income, which is the difference between total interest/profit income earned from assets and total interest/profit expense incurred from liabilities. The Group's EAR is applied to the flat balance sheet position with product pricing strategies.

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest rate/profit rate shock is applied to the static balance sheet positions. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing are profiled based on core balance assumptions. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

Interest Rate Risk/Rate of Return Risk in the Banking Book

IRRBB/RORBB MANAGEMENT (CONTINUED)

- **EARNINGS-AT-RISK: (CONTINUED)**

The tables below illustrate the Group's IRRBB/RORBB under a 100 bps parallel upward interest rate/profit rate shock from the earnings perspective:

TABLE 31(A): IRRBB – IMPACT ON EARNINGS FOR CIMBBG

	CIMBBG	
	2023	**2022**
(RM'000) **Currency**	**+100bps** **Increase/(Decline) in Earnings** **(Value in RM Equivalent)**	
Ringgit Malaysia	**42,989**	22,345
US Dollar	**(355,351)**	(264,259)
Thai Baht	**(137,136)**	(83,358)
Singapore Dollar	**20,085**	8,676
Others	**89,211**	33,096
Total	**(340,202)**	(283,500)

TABLE 31(B): RORBB – IMPACT ON EARNINGS FOR CIMBISLG

	CIMBISLG	
	2023	**2022**
(RM'000) **Currency**	**+100bps** **Increase/(Decline) in Earnings** **(Value in RM Equivalent)**	
Ringgit Malaysia	**26,612**	34,761
US Dollar	**(30,380)**	(37,069)
Thai Baht	**(52)**	9
Singapore Dollar	**(44)**	(27)
Others	**(3,178)**	(2,925)
Total	**(7,042)**	(5,251)

TABLE 31(C): IRRBB – IMPACT ON EARNINGS FOR CIMBIBG

	CIMBIBG	
	2023	**2022**
(RM'000) **Currency**	**+100bps** **Increase/(Decline) in Earnings** **(Value in RM Equivalent)**	
Ringgit Malaysia	**2,360**	5,039
US Dollar	**–**	–
Thai Baht	**–**	–
Singapore Dollar	**–**	–
Others	**–**	–
Total	**2,360**	5,039

Sustainability Risk

Sustainability risk is defined as the risk of financial and non-financial impact arising from environmental, social and ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group's own internal operations and employee.

The Sustainability Governance Framework defines the roles and responsibilities of Board, management and the rest of the organisation in fulfilling our aspiration to become a high performing purpose-driven organisation to help advance customers and society. The framework also aims to ensure that sustainability-related risks are effectively identified, assessed and managed in a timely manner, while improving transparency through disclosures and reporting to promote overall accountability. The Sustainability Governance Framework, including the sustainability operating model, sustainability risk management framework, as well as policies and procedures, are regularly reviewed and strengthened to ensure continued relevance in view of emerging risks and evolving stakeholder priorities.

Three main policies ensure proper governance and management of sustainability risks across the Group. These are:

- Group Sustainability Policy (GSP), which outlines our overarching principles and approach to sustainability and sustainability risk management.
- Group Sustainable Financing Policy (GSFP) governs the handling of environmental and social risks in non-retail financing and capital raising transactions for clients. CIMB has identified 148 sub-sectors, within 10 main industries, that are classified as high sustainability risk. We have developed seven Sector Guides that cover palm oil, forestry, oil and gas, construction and infrastructure, coal, mining and quarrying, and manufacturing sectors.
- Group Human Rights Policy (GHR), which lays out our overarching commitments, principles and approaches to respecting Human Rights.

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