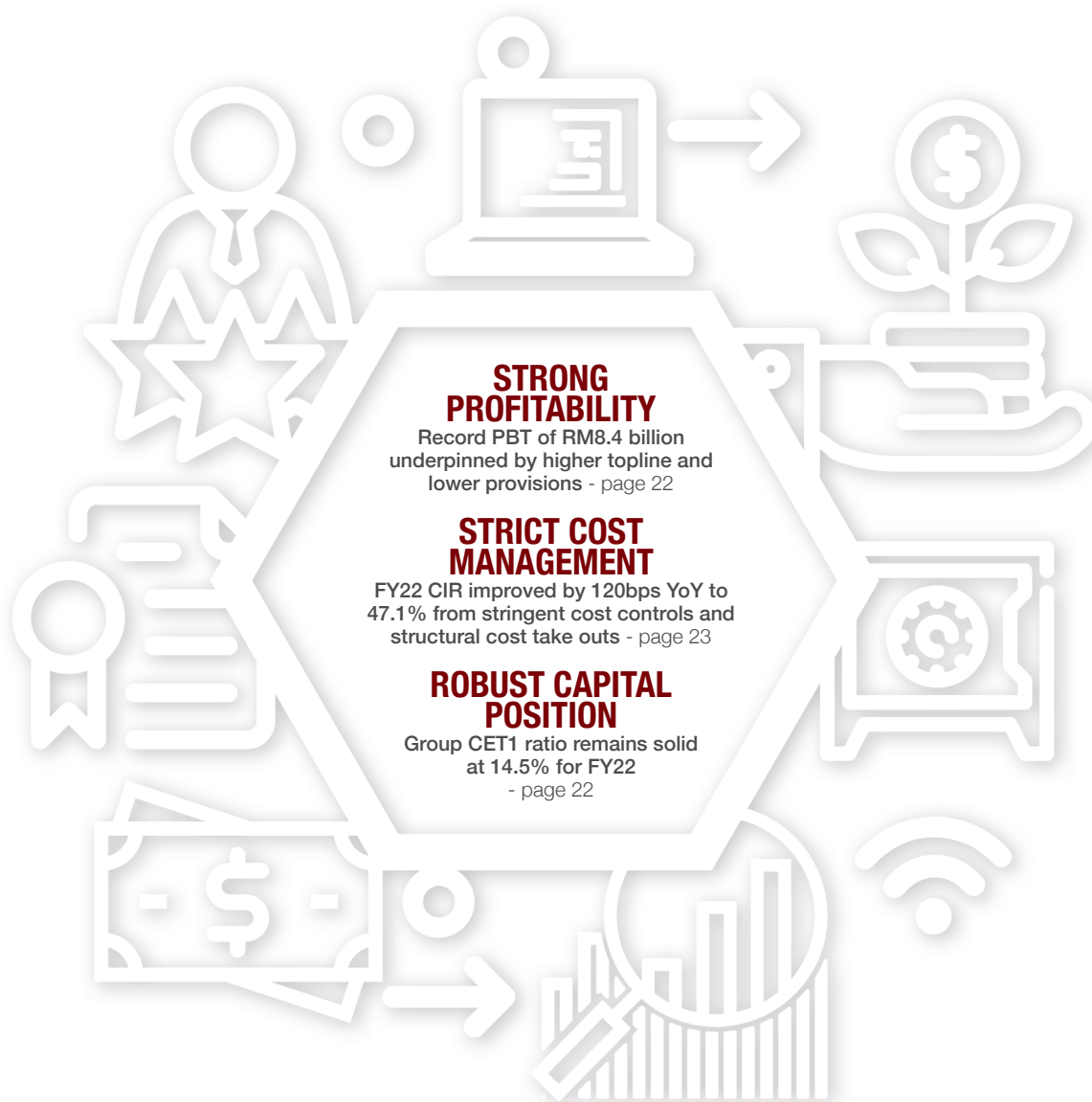


FUTURE FORWARD



CIMB GROUP HOLDINGS BERHAD
FINANCIAL STATEMENTS 2022



Delivering Sustainable
Financial Returns

Disciplined
Execution

Customer
Centricity

Transform
Fundamentals

Purpose-Driven
Organisation

FORWARD **23⁺**

TO BE THE LEADING FOCUSED ASEAN BANK



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| Read more about our Integrated Annual Report and other information about CIMB Group Holdings Berhad



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5-Year Group Financial Summary

Key Highlights	Financial Year Ended 31 December				
	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Consolidated Statement of Income					
Operating income ⁵	19,837,516	19,512,940	16,987,379	17,539,165	17,144,789
Overheads ⁵	9,345,507	9,418,949	8,775,170	9,616,191	8,418,642
Profit before expected credit losses	10,492,009	10,093,991	8,212,209	7,922,974	8,726,147
Expected credit losses on loans, advances and financing	1,952,725	2,613,587	5,342,209	1,638,785	1,432,661
Profit before taxation and zakat	8,371,010	5,789,478	1,530,329	5,974,840	7,200,667
Net profit for the financial year	5,439,863	4,295,334	1,194,424	4,559,656	5,583,510
Consolidated Statement of Financial Position					
Gross loans, advances and financing	407,057,108	378,032,634	365,844,401	369,491,503	346,290,529
Total assets	666,721,225	621,907,058	602,354,899	573,245,655	534,089,043
Deposits from customers ¹	460,567,161	440,404,971	410,839,559	401,681,309	379,671,991
Total liabilities	602,937,372	561,798,310	545,180,777	515,776,579	481,501,072
Shareholders' funds	62,491,206	58,863,263	55,925,641	56,237,171	51,374,295
Commitments and contingencies	1,371,423,297	1,213,155,193	1,123,995,768	1,146,023,486	1,129,138,654
Financial Ratios (%)					
Common equity tier 1 ratio (CIMB Group) ²	14.9	14.6	13.3	13.3	n/a
Tier 1 ratio (CIMB Group) ²	15.8	15.5	14.6	14.4	n/a
Total capital ratio (CIMB Group) ²	18.9	18.4	17.6	17.1	n/a
Common equity tier 1 ratio (CIMB Bank) ²	15.5	14.9	13.1	13.8	12.9
Tier 1 ratio (CIMB Bank) ²	16.3	15.8	14.8	15.2	14.3
Total capital ratio (CIMB Bank) ²	20.0	19.1	18.6	19.4	19.0
Return on average equity	9.0	7.5	2.1	8.5	11.4
Return on average total assets	0.84	0.70	0.20	0.82	1.07
Net interest margin	2.51	2.45	2.27	2.41	2.45
Cost to income ratio	47.1	48.3	51.7	54.8	49.1
Gross impaired loans to gross loans	3.3	3.5	3.6	3.1	2.9
Allowance coverage ratio	93.1	100.2	91.6	80.7	91.0
Loan loss charge	0.51	0.73	1.51	0.45	0.43
Loan deposit ratio	88.4	85.8	89.0	92.0	91.2
Net tangible assets per share (RM)	5.09	4.95	4.65	4.70	4.39
Book value per share (RM)	5.86	5.76	5.64	5.67	5.37
CASA ratio	39.9	42.5	41.3	34.4	32.7
Other Information					
Earnings per share (sen) – basic	52.2	42.9	12.0	47.0	59.7
Dividend per share (sen)	26.0	23.0	4.8	26.0	25.0
Dividend payout ratio (%)	51	50	40	56	42
Number of shares in issue ('000) ³	10,665,102	10,221,452	9,922,966	9,922,966	9,564,455
Weighted average number of shares in issue ('000)	10,425,806	10,022,287	9,922,966	9,705,987	9,356,695
Non-Financial Highlights					
Share price at year-end (RM)	5.80	5.45	4.30	5.15	5.71
Number of employees ⁴	32,696	33,265	34,183	35,265	36,104

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

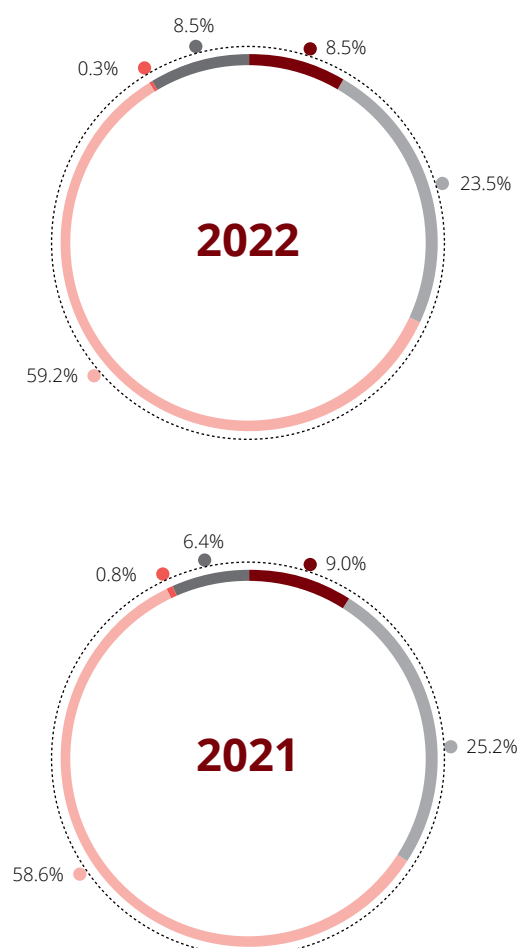
⁴ Excludes headcount borne by third parties

⁵ 2018 to 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.



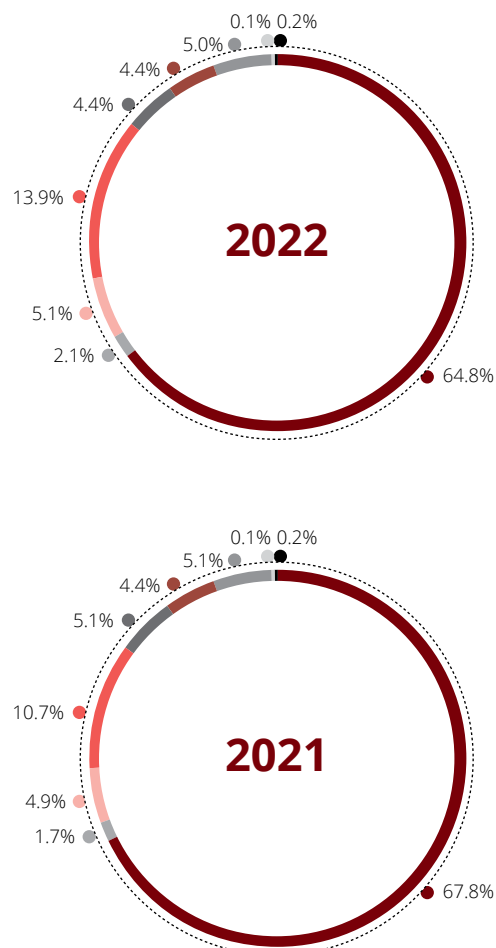
Simplified Statements of Financial Position

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

RM'000	2022			
	Q1	Q2	Q3	Q4
Operating revenue	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

RM'000	2021			
	Q1	Q2	Q3	Q4
Operating revenue	5,908,754	4,621,768	4,395,755	4,586,663
Net interest income (after modification loss)	2,663,555	2,757,226	2,726,876	2,726,756
Net non-interest income and income from Islamic banking operation	3,245,198	1,864,543	1,668,879	1,859,907
Overheads	(2,290,474)	(2,402,862)	(2,266,769)	(2,458,844)
Profit before taxation and zakat	2,897,739	1,577,696	332,794	981,249
Net profit attributable to owners of the Parent	2,457,233	1,084,183	(100,593)	854,511
Earnings per share (sen)	24.76	10.80	(1.07)	8.37
Dividend per share (sen)	-	10.44	-	12.55



Key Interest Bearing Assets and Liabilities

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
Financial investments at fair value through profit or loss	33,200	2.39	907
Debt instruments at fair value through other comprehensive income	58,376	3.54	2,100
Debt Instruments at amortised cost	64,533	3.43	2,083
Loans, advances and financing	394,557	4.81	18,430
Interest bearing liabilities:			
Total deposits*	497,929	1.65	8,066
Bonds, Sukuk, debentures and other borrowings	18,183	3.16	590
Subordinated obligations	11,015	3.86	408

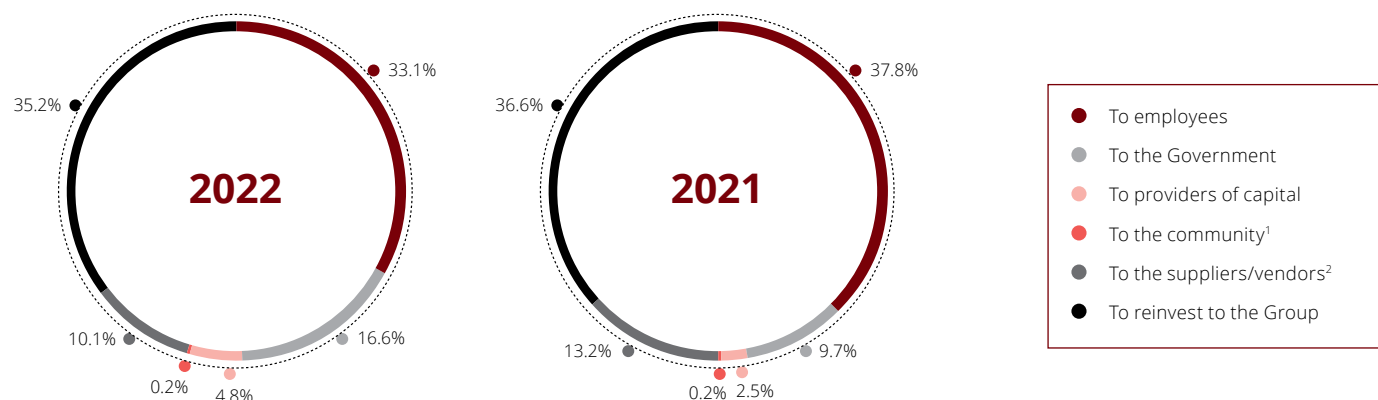
Financial Year Ended 31 December 2021

	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	50,283	1.31	571
Financial investments at fair value through profit or loss	40,279	1.53	706
Debt instruments at fair value through other comprehensive income	60,119	3.39	1,855
Debt Instruments at amortised cost	56,006	3.50	1,966
Loans, advances and financing	364,685	4.46	16,009
Interest bearing liabilities:			
Total deposits*	474,214	1.30	5,982
Bonds, Sukuk, debentures and other borrowings	21,488	2.26	488
Subordinated obligations	10,129	3.74	438

* 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

	2022 RM'000	2021 RM'000
Value Added		
Net interest income (before modification loss)	11,622,921	10,936,491
Modification loss	6,707	(62,078)
Net interest income (after modification loss)	11,629,628	10,874,413
Income from Islamic banking operations	3,999,849	3,533,481
Net non-interest income	4,208,039	5,105,046
Overheads excluding personnel costs, depreciation and amortisation, payments to community and suppliers/vendors	(959,814)	(839,051)
Expected credit losses on loans, advances and financing	(1,952,725)	(2,613,587)
Expected credit losses made for commitments and contingencies	(30,756)	(110,222)
Other expected credit losses and impairment allowances made	(177,757)	(433,525)
Impairment of goodwill	-	(1,215,197)
Share of results of joint ventures	(26,022)	64,223
Share of results of associates	66,261	3,795
Value added available for distribution	16,756,703	14,369,376
Distribution of Value Added		
To employees:		
Personnel costs	5,539,404	5,428,400
To the Government:		
Taxation and zakat	2,778,079	1,396,853
To providers of capital:		
Cash dividends paid to shareholders	649,579	266,902
Non-controlling interests	153,068	97,291
To the community¹:		
Community investments	34,000	28,700
To the suppliers/vendors²:		
Suppliers/Vendors	1,700,000	1,900,000
To reinvest to the Group:		
Dividend reinvestment plan	1,994,866	1,255,874
Depreciation and amortisation	1,112,289	1,222,798
Retained earnings	2,795,418	2,772,558
Value added available for distribution	16,756,703	14,369,376



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 2020 and 2019 was 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 2020 and 2019 was RM1,200.0 million and RM945.0 million respectively.



Analysis of Financial Statements

ANALYSIS OF STATEMENTS OF INCOME

	2022 RM'million	2021 RM'million	Increase/ (Decrease)
Net interest income [^]	15,158	13,958	8.6%
Net non-interest income [^]	4,680	5,555	(15.8%)
Operating income	19,838	19,513	1.7%
Overheads	(9,346)	(9,419)	(0.8%)
Profit before expected credit losses/allowances	10,492	10,094	3.9%
Expected credit losses on loans, advances and financing	(1,953)	(2,614)	(25.3%)
Expected credit losses made for commitments and contingencies	(31)	(110)	(71.8%)
Other expected credit losses and impairment allowances made	(177)	(1,649)	(89.3%)
Share of results of joint ventures and associates	40	68	(41.2%)
Profit before taxation and zakat	8,371	5,789	44.6%
Net profit attributable to owners of the Parent	5,440	4,295	26.7%
EPS (sen)	52.2	42.9	21.7%

[^] inclusive of income from Islamic banking operations

NET INTEREST INCOME

The Group's Net interest income (NII) grew 8.6% YoY to RM15.2 billion in FY22 largely driven by the strong 7.7% YoY gross loan growth, 5.9% expansion in interest earning assets and Net Interest Margins (NIM) expansion. The Group's NIMs rose to 2.51% from 2.45% in FY21 attributed to rising interest rates across all geographies partially offset by higher cost of funds at year-end due to higher deposit price competition among banks. The Group's gross loans were 7.7% higher YoY led by Wholesale Banking growing 9.3% with Consumer and Commercial Banking growing 7.2% and 6.1% respectively. Loans grew across all core markets with Thailand growing at 11.3% and Indonesia at 8.3%, while Singapore and Malaysia loans expanded 6.5% and 6.0% respectively.

NET NON-INTEREST INCOME

Total net non-interest income (NOII) for the year fell 15.8% YoY to RM4.7 billion compared to RM5.6 billion in FY21 largely due to the RM1.2 billion exceptional gain arising from the deconsolidation of TNG Digital recognised in FY21. Excluding this gain, the underlying NOII was 6.0% higher YoY from stronger fee income and non-performing loan (NPL) recoveries mainly from Indonesia. The stronger fee income was attributed to Consumer wealth income, fee income from Commercial Malaysia and Singapore and higher wholesale trading and fee income.

OVERHEADS

The Group's total overhead expenses were slightly lower by 0.8% YoY or RM73 million to RM9.3 billion for the year as cost management remained stringent. These included write-off of intangible assets, accelerated amortisation and restructuring costs of RM121 million in FY22 and RM482 million in FY21. Excluding these exceptional items, underlying overhead expenses rose 3.2% YoY driven by Personnel and Technology investments and Marketing costs, but was partially offset by declines within the Establishment and Administrative & General

expenses. With the stronger growth in operating income, the Group's cost-to-income ratio improved further to 47.1% for FY22, 120bps lower from 48.3% in FY21.

EXPECTED CREDIT LOSSES

The Group's total expected credit losses (ECL) on loans, advances and financing of RM2.0 billion in FY22 was 25.3% lower YoY versus the RM2.6 billion in FY21. This decline was attributed to the lower macroeconomic factor adjustments and management overlays as well as lower Covid-19 related provisions in Malaysia in tandem with the improving economy. This was partially offset by the increase in credit related provisions driven by Corporate provision top ups in Indonesia. For FY22, the Group recorded an improved total loan loss charge of 0.51% (compared to 0.73% in FY21) with a gross impairment ratio of 3.3% and an allowance coverage of 93.1%.

OTHER EXPECTED CREDIT LOSSES AND IMPAIRMENT ALLOWANCES MADE

Other expected credit losses and impairment allowances fell 89.3% YoY largely due to the absence of the RM1.2 billion impairment of goodwill related to CIMB Thai undertaken in FY21.

NET PROFIT

The Group reported a net profit of RM5.4 billion for FY22, a 26.7% YoY improvement from the RM4.3 billion in FY21. The increased profitability came about from the combination of a 1.7% increase in operating income and marginally lower overheads expense, giving rise to a 3.9% YoY higher pre-provision operating profit (PPOP). The improved net profit was also buoyed by a decrease in total ECL on loans, advances and financing of 25.3% as well as lower other expected credit losses and impairment allowances made during the year which declined 89.3% YoY. As a result, the Group reported a higher net EPS of 52.2 sen in FY22.

Analysis of Financial Statements

SIGNIFICANT MOVEMENT IN STATEMENTS OF FINANCIAL POSITION

	2022 RM'million	2021 RM'million	Increase/ (Decrease)
ASSETS			
Cash and short-term funds	44,009	45,670	(3.6%)
Deposits and placements with banks and other financial institutions	3,096	4,614	(32.9%)
Financial investment portfolio	156,410	156,728	(0.2%)
Loans, advances and financing	394,557	364,685	8.2%
Other assets (including intangible assets)	68,649	50,210	36.7%
Total assets	666,721	621,907	7.2%
LIABILITIES			
Deposits from customers [^]	460,567	440,405	4.6%
Deposits and placements of banks and other financial institutions	34,189	30,702	11.4%
Other borrowings	8,265	8,108	1.9%
Bonds, sukuk and debentures	9,918	13,379	(25.9%)
Subordinated obligations	11,015	10,129	8.7%
Other liabilities	78,983	59,075	33.7%
Total liabilities	602,937	561,798	7.3%

[^] 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 2022, CIMB Group's total assets rose RM44.8 billion or 7.2% higher at RM666.7 billion. The increase was underpinned by a RM29.9 billion or 8.2% growth in loans, advances and financing over the year to RM394.6 billion and RM18.4 billion rise in other assets (including intangible assets). The financial investment portfolio was little changed YoY, while deposits and placement with banks and other financial institutions declined by 32.9% or RM1.5 billion and cash and short-term funds was 3.6% lower YoY at RM44.0 billion.

B) TOTAL LOANS, ADVANCES AND FINANCING

The Group's loans, advances and financing stood at RM394.6 billion as at 31 December 2022, a growth of 8.2% YoY or RM29.9 billion. Malaysia loans grew 6.0% during the year, while loans from Indonesia, Thailand and Singapore expanded 8.3%, 11.3% and 6.5% YoY in Rupiah, Bath and Dollar-terms respectively in FY22. The Group's gross impaired loans ratio stood at 3.3% as at end-2022 compared to 3.5% as at end-2021. All segments grew loans strongly with Consumer, Commercial and Wholesale Banking expanding loans by 7.2%, 6.1% and 9.3% YoY respectively.

C) OTHER ASSETS (INCLUDING INTANGIBLE ASSETS)

The total amount of other assets including intangible assets rose 36.7% YoY or RM18.4 billion to RM68.6 billion as at end-2022 compared to RM50.2 billion as at end 2021. The increase was predominantly due to higher statutory deposits with central banks by RM6.2 billion, derivative financial instruments by RM6.1 billion and a RM3.9 billion increase in reverse repurchase agreements/ reverse Collateralised Commodity Murabahah.

D) TOTAL LIABILITIES

As at 31 December 2022, the Group's total liabilities stood at RM602.9 billion, an increase of 7.3% or RM41.1 billion YoY. The increase was largely driven by the RM20.6 billion or 4.7% YoY expansion in deposits from customers, as well as the RM19.4 billion or 32.9% YoY increase in other liabilities. Deposits and placements of banks and other financial institutions rose 11.4% while subordinated obligations and other borrowings were higher by 8.7% and 1.9% YoY respectively. This was partially offset by a drop of 25.9% or RM3.5 billion in bonds, sukuk and debentures.

E) TOTAL DEPOSITS FROM CUSTOMERS

Total Group deposits from customers rose by 4.6% YoY or RM20.2 billion to RM460.6 billion as at 31 December 2022. Consumer and Commercial Banking posted a 7.3% and 11.6% YoY growth in deposits respectively, with Wholesale Banking reporting a slight dip of 0.7% YoY. In local currency terms, deposits in Thailand and Singapore grew by 29.9% and 35.3% in Bath and Dollar respectively. Total deposits in Malaysia was slightly lower at 0.2% while Indonesia was 5.6% lower in Rupiah-terms. The Group's CASA ratio ended the year at 39.9% compared to the 42.5% as at end-2021, as CASA contracted by 1.8% YoY underpinned by the expected CASA attrition in line with the heightened economic activity across all core markets except Thailand. Overall Group NIM was higher at 2.51% for FY22 compared to 2.45% in FY21.

F) OTHER LIABILITIES

The Group's other liabilities were RM19.9 billion or 33.7% higher YoY at RM78.5 billion as at 31 December 2022 compared to RM59.1 billion at end-2021. The increase was largely due to higher other liabilities by RM9.3 billion, RM6.7 billion increase in repurchase agreements/ Collateralised Commodity Murabahah and RM6.6 billion increase in derivative financial instruments.

[illegible]

[illegible]



Capital Management

OVERVIEW

Capital management at CIMB Group ("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's regulated banking entities have always maintained a set of internal capital targets which provide a strong buffer above the minimum regulatory requirements. The following table shows the relevant capital ratios of each of the regulated banking entities of the Group in comparison to the minimum level required by the respective central banks under the Basel III framework.

Capital Ratios	Common Equity Tier 1 Capital		Tier 1 Capital		Total Capital	
	As at 31 December 2022	Minimum Regulatory Ratio	As at 31 December 2022	Minimum Regulatory Ratio	As at 31 December 2022	Minimum Regulatory Ratio
CIMB Group	14.526%	8.000%	15.375%	9.500%	18.474%	11.500%
CIMB Bank	14.918%	7.000%	15.736%	8.500%	19.458%	10.500%
CIMB Islamic	14.040%	7.000%	14.670%	8.500%	17.078%	10.500%
CIMB Investment Bank Group	94.645%	7.000%	94.645%	8.500%	94.645%	10.500%
CIMB Niaga*	20.779%	10.000%	20.779%	11.500%	21.862%	13.500%
CIMB Thai	15.068%	7.000%	15.068%	8.500%	20.780%	11.000%

* Inclusive of risk profile no 2 and capital surcharge buffer.

The Group also monitors the leverage ratio which stood at 7.26% as at the financial year ended 31 December 2022, which is above the minimum level required of 3%. The leverage ratio is computed by dividing the Tier 1 capital of RM51,121 million with Total Exposures** of RM704,580 million. For reference, the leverage ratio for financial year ended 31 December 2021 was 7.29%, based on Tier 1 capital of RM48,046 million with Total Exposures** of RM658,673 million.

** Total Exposures computed in accordance to BNM Basel 3 Leverage ratio guideline.

KEY INITIATIVES

Our goal is to continuously maintain sustainable and robust capital position, whilst optimising its utilisation 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 2022 calendar year include:

- (1) CIMB Group redeemed RM1.5 billion Basel III Tier 2 Subordinated Debt on 30 November 2022.
- (2) CIMB Group issued RM1.5 billion Basel III Tier 2 Sukuk Wakalah and RM1.0 billion Basel III Tier 2 Sustainability Sukuk Wakalah on 8 September 2022 and 2 December 2022 respectively.
- (3) The continuing RWA optimisation initiatives during the year, largely through active loan portfolio rebalancing, system and data enhancements and model recalibrations.

DIVIDEND POLICY

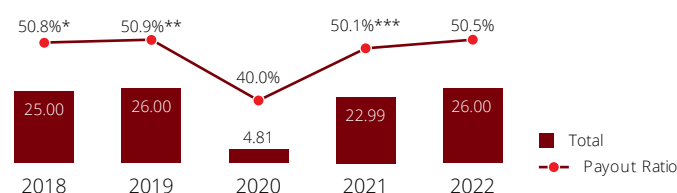
For the financial year ended 31 December 2022, the first interim single tier dividend of 13.00 sen per ordinary share, on 10,474,253,317 ordinary shares amounted to RM1,361,652,931 was approved by the Board of Directors on 28 July 2022. The dividend consisted of an electable portion of 10.40 sen per ordinary share which shareholders can elect to reinvest in new ordinary shares in accordance with the DRS. Following the

completion of the DRS, a total cash dividend of RM451,306,144 was paid on 28 October 2022.

A second interim single tier dividend of 13.00 sen per ordinary share on 10,665,101,700 ordinary shares amounting to RM1,386 million in respect of the financial year ended 2022 was approved by the Board of Directors on 31 January 2023. The second interim single tier dividend will be paid fully in cash by April 2023 without a DRS option.

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 and the average increased to 82.5% in recent years (2020 onwards).



* Payout ratio based on PAT excluding CPAM and CPIAM gain.

** Payout ratio based on BAU PAT excluding transformational cost.

*** Payout ratio based on BAU PAT excluding exceptional items.

Financial Calendar

28 FEBRUARY 2022

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2021.

23 MARCH 2022

Notice of 65th Annual General Meeting.

23 MARCH 2022

Issuance of Annual Report for the financial year ended 31 December 2021.

25 MARCH 2022

Notice of book closure for single tier second interim dividend of 12.55 sen per share for the financial year ended 31 December 2021.

28 MARCH 2022

Date of entitlement for the single tier second interim dividend of 12.55 sen per share for the financial year ended 31 December 2021.

1 APRIL 2022

Notice of election in relation to the Dividend Reinvestment Scheme. The scheme provides the shareholders with the option to elect to reinvest their cash dividend in new ordinary shares of CIMB.

21 APRIL 2022

65th Annual General Meeting.

25 APRIL 2022

Payment of the single tier second interim dividend of 12.55 sen per share for the financial year ended 31 December 2021.

26 APRIL 2022

Additional listing of 252,801,642 new ordinary shares, via the Dividend Reinvestment Scheme.

31 MAY 2022

Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2022.

30 AUGUST 2022

Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2022.

28 SEPTEMBER 2022

Notice of book closure for single tier first interim dividend of 13.00 sen per share for the financial year ending 31 December 2022.

29 SEPTEMBER 2022

Date of entitlement for the single tier first interim dividend of 13.00 sen per share for the financial year ending 31 December 2022.

5 OCTOBER 2022

Notice of election in relation to the Dividend Reinvestment Scheme. The scheme provides the shareholders with the option to elect to reinvest their cash dividend in new ordinary shares of CIMB.

28 OCTOBER 2022

Payment of the single tier first interim dividend of 13.00 sen per share for the financial year ending 31 December 2022.

31 OCTOBER 2022

Additional listing of 190,848,383 new ordinary shares, via the Dividend Reinvestment Scheme.

30 NOVEMBER 2022

Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2022.

28 FEBRUARY 2023

Announcement of the unaudited consolidated financial results for the fourth quarter ended 31 December 2022.

2023 TENTATIVE DATES

31 MAY 2023

1Q 2023

Financial Results

30 AUGUST 2023

2Q 2023

Financial Results

30 NOVEMBER 2023

3Q 2023

Financial Results

FEBRUARY 2024

4Q 2023

Financial Results



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 2022, 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 2022

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 2022.

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 13 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	5,439,863	3,515,719
– Non-controlling interests	153,068	–
	5,592,931	3,515,719

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2021 were as follows:

	RM'000
<u>In respect of the financial year ended 31 December 2021:</u>	
Dividend on 10,221,451,675 ordinary shares, paid on 25 April 2022:	
– single-tier second interim dividend of 12.55 sen per ordinary share, consists of an electable portion of 12.55 sen per ordinary share, of which 10.61 sen per ordinary shares was reinvested in new ordinary shares	1,282,792
<u>In respect of the financial year ended 31 December 2022:</u>	
Dividend on 10,474,253,317 ordinary shares, paid on 28 October 2022:	
– single tier first interim 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	1,361,653

The Directors have proposed a single-tier second interim dividend of 13.00 sen per ordinary share on 10,665,101,700 ordinary shares amounting to RM1,386 million in respect of the financial year ended 31 December 2022. The single-tier second interim dividend was approved by the Board of Directors on 31 January 2023.

The Financial Statements for the current financial year do not reflect this proposed dividend. Such dividend 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 2022.

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 2022

ISSUANCE OF SHARES

During the financial year, the Company increased its issued and paid-up capital by 10,665,106,608 shares via:

- (a) Issuance of 252,801,642 new ordinary shares arising from the DRS relating to electable portion of the interim dividend of 12.55 sen in respect of financial year ended 31 December 2021, as disclosed in Note 46(a) to the Financial Statements; and
- (b) Issuance of 190,848,383 new ordinary shares arising from the DRS relating to electable portion of the first interim dividend of 13.00 sen in respect of financial year ended 31 December 2022, as disclosed in Note 46(b) to the Financial Statements.

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 2022, 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 2022 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 48 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 2022

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 52.1 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 52.2 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
 Teoh Su Yin
 Robert Neil Coombe
 Dato' Lee Kok Kwan
 Dato' Mohamed Ross Mohd Din
 Afzal Abdul Rahim
 Didi Syafruddin Yahya
 Shulamite N K Khoo
 Ho Yuet Mee (appointed on 28 July 2022)
 Serena Tan Mei Shwen (resigned on 30 April 2022)

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:

Datuk Mohd Nasir Ahmad
 Didi Syafruddin Yahya
 Shulamite N K Khoo

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

Ho Yuet Mee

The names of the directors of the Company's subsidiaries in office are set out in their respective subsidiary's directors' report and the Board deems such information is included in the Company's directors' report by such reference and shall form part of the holding company's directors' report.



Directors' Report

for the financial year ended 31 December 2022

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:

	As at 1 January 2022	No. of ordinary shares		As at 31 December 2022
		Acquired/ Granted	Disposed/ Vested	
CIMB Group Holdings Berhad				
Direct interest				
Dato' Abdul Rahman Ahmad	34,621	14,179 ^{(a)(c)}	(12,573)	36,227
* Dato' Lee Kok Kwan	1,339,972	41,236 ^(b)	–	1,381,208
^ Didi Syafruddin Yahya	46,791	–	–	46,791

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

	As at 1 January 2022	No. of ordinary shares		As at 31 December 2022
		Acquired/ Granted	Disposed/ Vested	
* Datin Rosemary Yvonne Fong	90,805	4,693 ^(b)	–	95,498
^ Sarina Mahmood Merican	46,791	–	–	46,791

^(a) Shares granted under Equity Ownership Plan ("EOP")

^(b) Shares acquired by way of the exercise of DRS/acquired during the year

^(c) Shares acquired by way of the exercise of DRS

		No. of shares held		
		As at 1 January 2022		As at 31 December 2022
			Granted	Disposed
PT Bank CIMB Niaga Tbk				
Direct interest				
*	Dato' Lee Kok Kwan	427,305	–	–
**	Teoh Su Yin	17,486	–	–

Note:

* Includes shareholding of spouse/child and ** jointly held shareholding with spouse, details of which are as follows:

	As at 1 January 2022	No. of shares held		As at 31 December 2022
		Granted	Disposed	
* Datin Rosemary Yvonne Fong	12,445	–	–	12,445
** Stephen John Watson Hagger	17,486	–	–	17,486

	As at 1 January 2022	Debentures held		As at 31 December 2022
		Acquired	Disposed	
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

Directors' Report

for the financial year ended 31 December 2022

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

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 48 to the financial statements.

(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 2022:

Award Date	As at 1 January 2022 (Units'000)	Movement during the year		Outstanding as at 31 December 2022 (Units'000)	Exercisable as at 31 December 2022 (Units'000)
		Awarded (Units'000)	Forfeited (Units'000)		
9 June 2021 – First grant	196,967	–	(11,464)	185,503	–
31 March 2022 – Second grant	–	8,991	(70)	8,921	–
8 September 2022 – Third grant	–	3,430	–	3,430	–
8 December 2022 – Fourth grant	–	660	–	660	–



Directors' Report

for the financial year ended 31 December 2022

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES (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 2022:

Award Date	As at 1 January 2022 (Units'000)	Movement during the year		As at 31 December 2022 (Units'000)
		Awarded (Units'000)	Forfeited (Units'000)	
9 June 2021 – First Grant	14,306	–	(835)	13,471
31 March 2022 – Second Grant	–	1,965	(15)	1,950
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 2022 are listed below:

Name	2022	
	No of ESOS Awarded (Units'000)	No of SGP Awarded (Units'000)
Dato' Abdul Rahman Ahmad	–	–
Key Management Personnel	5,493	1,199

Directors' Report

for the financial year ended 31 December 2022

DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
– Salary and remuneration	7,298	5,009	–	–
– Benefits-in-kind	125	30	–	–
	7,423	5,039	–	–
Non-Executive Directors				
– Fees	2,801	2,438	1,263	1,200
– Other remuneration	4,011	3,360	2,444	1,997
– Benefits-in-kind	84	81	37	35
	6,896	5,879	3,744	3,232
	14,319	10,918	3,744	3,232

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 (2021: RM1,481,872) and RM Nil (2021: RM Nil).

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 43 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 48 to the Financial Statements) as disclosed in this Report.

SUBSIDIARIES

(a) Details of subsidiaries

Details of subsidiaries are as set out in Note 13 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 13 to the Financial Statements.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM18,545,000 and RM929,000 respectively. Details of auditors' remuneration are as set out in Note 40 to the Financial Statements.



Directors' Report

for the financial year ended 31 December 2022

2022 BUSINESS PLAN AND STRATEGY

2022 saw the global easing of movement restrictions from the prolonged Covid-19 pandemic leading to the reopening of economies and lifting of global travelling restrictions. High vaccination rates suppressed threats of new Covid-19 variants, easing the negative effects on livelihoods and the economies in general. Nevertheless, there emerged new macro challenges including the tightening of fiscal and monetary policies by major economies globally, fast escalating inflation, heightened geopolitical risks from the Russia-Ukraine conflict as well as the possibility of a global recession. Despite facing these external challenges, the recovery of consumer expenditure, business activity and investor confidence contributed to the improved macroeconomic environment as Malaysia's GDP grew strongly at 8.7%. The Malaysian banking industry loan growth accelerated by 5.7% in 2022 on the back of higher household spending and improved trading activities, although capital markets were subdued throughout the year.

In 2022, the Group's direction continued to be guided by the Forward23+ strategic plan with targeted segment loan growth, sustained focus on CASA and Risk-Adjusted Return On Capital (RAROC) optimisation, as well as wealth management and capital market activity. Cost management remains a crucial focus as the Group commits to ensure adequate and sufficient investments were made to strengthen technology and operational resiliency, while the Sustainability agenda continues unabated. The Group's loan growth momentum improved in areas of focus as we continue the realignment of the Commercial and Corporate segments in Indonesia. The Group identified structural cost savings of up to RM1 billion over the past 3 years and is placing even greater emphasis on improving its digital reliability with digital and customer centricity metrics tracking well. On the Sustainability front, the Group is making further strides forward with the announcement of new targets, including a revised sustainable finance target of RM60 billion from RM30 billion in Green Social & Sustainable Impact Products & Services (GSSIPS) and a commitment of RM30 billion to finance SME businesses by 2024.

The Group posted a 1.7% year-on-year ("YoY") improvement in operating income to RM19.8 billion. Net interest income (inclusive of net finance income and hibah from Islamic Banking operations) was 8.6% higher YoY at RM15.2 billion from a strong 7.7% YoY gross loan growth and a 6bps improvement in net interest margins ("NIM") to 2.51%. Non-interest income ("NOII") fell by 15.8% attributed to the absence of RM1.2 billion gain on deconsolidation of Touch 'n Go Digital recognised in FY21. Excluding this one-off gain, the underlying NOII rose by 6.0% YoY on fee income and higher non-performing loan ("NPL") recoveries. Total operating expenses declined marginally by 0.8% YoY to RM9.3 billion. Excluding the exceptional items of the write off and accelerated amortisation of intangible assets, as well as restructuring costs amounting to RM121 million in FY22 and RM482 million in FY21, the underlying operating expenses were only 3.2% higher YoY in tandem with prudent cost management. Expected credit losses ("ECL") declined 25.3% YoY from lower overlays and macroeconomic factor ("MEF") adjustments as well as Covid-19 related provisions. The Group's profit before tax ("PBT") of RM8.4 billion is 44.6% higher YoY attributed to the positive pre-provision operating profit ("PPOP") and lower provisions during the year. Capital adequacy remained steady over the year with a total capital ratio of 18.5% and a Core Equity Tier 1 ("CET1") ratio of 14.5%, while the Group's net return on equity ("ROE") came in at 9.0%.

The regional Consumer PBT was 42.5% higher YoY at RM2.7 billion, underpinned by stronger operating income predominantly from NIM expansion and loan growth as well as lower provisions from reduced management overlays and underlying provisions. The regional Commercial Banking PBT improved 37.7% YoY to RM1.5 billion attributed to higher operating income from loan growth, higher NIMs and a strong CASA franchise as well as higher fees and commission income, coupled with lower provisions. Wholesale Banking posted a PBT growth of 23.2% YoY to RM3.0 billion mainly due to improved NOII from trading and fee income, and lower Covid-19 related provisions. Corporate Banking performance saw an improvement from higher market activity and interest rate hikes, while Treasury & Markets and Investment Banking had a weaker year from higher provisions, despite higher volumes and trading activity.

CIMB Niaga's PBT improved by 26.7% YoY to IDR6,579 billion on the back of higher operating income and lower loan provisions. CIMB Thai PBT grew 33.5% YoY to THB3.8 billion attributed to lower expenses and a 36.9% YoY decline in loan provisions. CIMB Singapore PBT rose 31.5% YoY underpinned by higher operating income and asset recoveries.

The Group's total gross loans expanded by 7.7% YoY with growth across all core markets and segments. Consumer Banking loans expanded 7.2% while Commercial and Wholesale Banking loans improved by 6.1% and 9.3% YoY respectively. Total Group deposits grew by 4.6% YoY underpinned by deposit growth in Thailand and Singapore. CASA (Current Account & Savings Account) fell 1.8% with the CASA ratio ending 2022 at 39.9% (compared to 42.5% as at end-2021). The Group's NIM expanded 6bps to 2.51% in 2022.

Directors' Report

for the financial year ended 31 December 2022

2022 BUSINESS PLAN AND STRATEGY (CONTINUED)

The Group's cost to income ratio improved to 47.1% compared to 48.3% in 2021, in tandem with the positive JAW as operating income outgrew operating expenses by 2.5%. The Group's loan loss provisions on loans, advances and financing decreased 25.3% YoY to RM2.0 billion in 2022 while total loan loss charge stood at 0.51%. The Group's gross impairment ratio stood at 3.3% as at end-2022 from 3.5% as at end-2021, with an allowance coverage of 93.1%.

The Group announced a 50.5% dividend payout for 2022 by declaring total dividends amounting to RM2.7 billion or 26.00 sen per share. This was paid in two interim dividend payouts of 13.00 sen each, with the first interim paid in October 2022, which came with an option of either cash or via a Dividend Reinvestment Scheme ("DRS") with an 80% electable portion. The second interim is an all cash dividend expected to be paid by April 2023.

OUTLOOK FOR 2023

The Group is approaching 2023 with cautious optimism in line with expectations of continued economic growth within its key operating countries and segments. The Group is cognisant of uncertainties brought about by global headwinds in terms of elevated inflation, further monetary policy tightening in major economies, sustained political tensions, still-prevalent Covid-19 threats and a possible global recession. The execution of Forward23+ strategies will continue to guide the Group's direction with focus on sustainable business, strong credit risk management, cost controls and strengthening the deposit/CASA proposition in view of intensified deposit competition. The Group expects continue positive financial performance going into 2023 with prudent loan growth, controlled loan loss provisions and stringent cost management.

CIMB Malaysia is optimistic on continuing its growth momentum driven by loan growth, CASA accumulation, improved credit conditions, Preferred and wealth management expansion and intensifying digital transformation. Prospects for CIMB Niaga remains positive as it is expected to grow in tandem with the industry trajectory given its leadership in digital banking, improved credit cost and completion of its portfolio recalibration. The outlook for CIMB Singapore should track the regional economic direction, while CIMB Thai's realigned portfolio will likely bring about an improved performance.

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)	January 2023	1. Long-term Issuer Rating 2. Short-term Issuer Rating	Baa1 P-2	Stable
Malaysian Rating Corporation Berhad (MARC)	July 2022	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 2022	1. Long-term Corporate Credit Rating 2. Short-term Corporate Credit Rating 3. RM6.0 billion Conventional/ Islamic Medium-term Notes Programme 4. RM6.0 billion Conventional Commercial Paper Programme 5. RM10.0 billion Additional Tier I Capital Securities Programme 6. RM15 billion Sukuk Wakalah Programme 7. RM15 billion Tier-2 Subordinated Sukuk Wakalah Programme 8. RM15 billion Additional Tier-1 Sukuk Wakalah Programme	AA1 P1 AA1 P1 A1 AA1 AA2 A1	Stable



Directors' Report

for the financial year ended 31 December 2022

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 now as enshrined in the effective 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 having 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.

The BSC shall at all times assist 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 Fairouz Abdul Khir
- 2 Professor Dr. Yousef Abdullah Al Shubaily
- 3 Associate Professor Dr. Aishath Muneeza
- 4 Ahmed Baqar Rehman
- 5 Dr. Ahmad Sufian Che Abdullah

The Board hereby affirms based on advice of the BSC that 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.

Directors' Report

for the financial year ended 31 December 2022

MEETINGS AND ATTENDANCE

BSC convened 10 meetings during the financial year 2022 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 initiative to strengthen the good governance and oversight function of Board over Shariah matters, the following activities were carried out in 2022:

- 2 Joint Board and BSC meetings on BNM Financial Sector Blueprint 2022 – 2026 and Islamic Social Finance Initiatives.
- In addition, a training was conducted by Tan Sri Dr. Mohd Daud Bakar and Puan Khadijah Iskandar on the topic of Strategic Discussion & Moving Forward on ESG Initiatives.

As guided by Securities Commission's Guidelines for Shariah Advisers, BSC members have satisfied with the minimum 3 SIDC's CPE approved courses on capital market during the financial year 2022.

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

- Technology Driving the Future of Gig Economy
- IIC-SIDC Corporate Governance Conference 2022: Investment Stewardship In Times Of Heightened Sustainability Demands
- Driving Responsible and Sustainable value Creation Through Governance
- Risk Management in Derivatives Trading
- Artificial Intelligence and Machine Learning in Trading (Part 1)
- Trading in Crude Palm Oil Futures Contract (FCPO)
- ESG Disclosures: Improving the Quality of ESG Data and Its Impact
- Artificial Intelligence and Machine Learning in Trading (Part 2)
- Moving Forward with Digital Investment Management

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

- Training CIMB Expert Talk Series for Board & Key Management: Net Zero Pathways: Managing Risks & Taking Opportunities
- Kuala Lumpur Islamic Finance Forum (KLIFF) 2022
- Bank Rakyat International Shariah Scholars Roundtable (ISHAR)
- Introduction to Options

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. The assessment is primarily based on questionnaires in a survey form to all BSC members and encompasses the performance and effectiveness of the BSC as a committee and individual member.



Directors' Report

for the financial year ended 31 December 2022

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 Board Shariah Committee. 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 52.1 to the Financial Statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR END

Significant events after the financial year are disclosed in Note 52.2 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 8 March 2023.

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

Datuk Mohd Nasir Ahmad
Chairman

Dato' Abdul Rahman Ahmad
Director

8 March 2023

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 35 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 2022 and financial performance of the Group and of the Company for the financial year ended 31 December 2022, 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

8 March 2023

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 35 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

Subscribed and solemnly declared by the abovenamed Khairulanwar bin Rifaie at Kuala Lumpur before me, on 8 March 2023.

Commissioner for Oaths





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 as established under CIMB Islamic Bank Berhad ("CIMB Islamic"), are responsible to assist 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 Board Shariah Committee, 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 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 by a professional staff of Shariah researchers as well as the advisory and consultancy function that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. 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-compliance 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. 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 and periodic basis.

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 Shariah Committee play their oversight role on the Shariah governance in the Group. The Group also held Board and Shariah Committee engagement sessions or Joint Board meeting between Board of Directors and Board Shariah Committee which serve as a platform for effective communication between Board, Shariah Committee and Senior management on oversight over Shariah governance.

Board Shariah Committee's Report

The Group also continues capacity building programmes to inculcate strong shariah knowledge within the Group. The Group has supported CIMB Islamic and CIMB Bank staff to enroll in relevant certification programmes such as Intermediate Qualification in Islamic Finance (IQIF), Certified Professional Shariah Auditor (CPSA), Certified Shariah Advisor (CSA) and others. The Bank Group conducted training session by representative from the Board Shariah Committee with all staff where the Board Shariah Committee Member shared about the theme around embracing Shariah-compliance culture, Islamic Social finance etc. In addition, Chairman Board Shariah Committee also visited one of CIMB branches to promote Shariah-compliance culture among the frontline staff.

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 nothing has come to the Board Shariah Committee's attention that causes the committee to believe that the operations, business, affairs and activities of the Group's Islamic banking and finance business involve any material Shariah non-compliances.

In our opinion:

1. The contracts, transactions and dealings entered into by the Group during the financial year ended 31 December 2022 that were presented to us were done in compliance with Shariah;
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; and
4. The zakat calculation is in compliance with Shariah principles.

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 Board Shariah Committee, are of the opinion that the operations of the Group for the financial year ended 31 December 2022 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee

Associate Professor Dr. Mohamed Fairouz Abdul Khir
Chairman

Dr. Ahmad Sufian Che Abdullah
Member

Kuala Lumpur
8 March 2023



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

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 2022 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, including a summary of significant accounting policies, as set out on pages 35 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 significant 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
<p>EXPECTED CREDIT LOSSES FOR LOANS, ADVANCES AND FINANCING AND DEBT INSTRUMENTS MEASURED AT AMORTISED COST</p> <p>Refer to accounting policy I(i) and Notes 7, 9, 25(a), 41, 42 and 54(a) of the financial statements.</p> <p>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.</p> <p>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.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> • 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. 	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • 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 COVID-19, 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: <ul style="list-style-type: none"> – 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 COVID-19. • 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. <p>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.</p> <p>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.</p>



Independent Auditors' Report

to the members of CIMB Group Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
<p>ACCOUNTING AND VALUATION FOR COMPLEX FINANCIAL INSTRUMENT</p> <p>Refer to accounting policy E and Notes 4, 54(c), 57.4.1 and 57.4.3 of the financial statements.</p> <p>We focused on this area as the accounting and valuation for certain financial instruments, were based on significant judgements and estimates made by the Group.</p> <p>The fair value of the complex financial instrument is determined using probability weighted scenarios where management exercised judgement and used observable market data to derive the valuation for each scenario where possible. Where observable market data are not available, management exercised judgement in establishing fair values.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Checked that the accounting recognition and measurement for this complex financial instrument is consistent with the accounting standards and relevant disclosures have been made in the financial statements. • Compared the key inputs used by the Group to measure the complex financial instrument against observable market data. • Assessed and considered reasonableness of management's judgement and assumptions used. • Performed an independent valuation of the complex financial instrument. <p>Based on the procedures performed, we did not find any material exceptions in the accounting for and estimates used in the valuation of this complex financial instrument.</p>
<p>ASSESSMENT OF THE CARRYING VALUE OF GOODWILL AND ITS IMPAIRMENT</p> <p>Refer to accounting policy M(a), V and Notes 19, 54(b) of the financial statements.</p> <p>The Group recorded goodwill of RM6,382 million as at 31 December 2022 which arose from a number of acquisitions in prior years.</p> <p>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.</p> <p>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.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • 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. <p>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 2022.</p>

We have determined that 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 2022 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 13 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
02682/10/2023 J
Chartered Accountant

Kuala Lumpur
8 March 2023

Consolidated Statement of Financial Position

as at 31 December 2022

	Note	2022 RM'000	2021 RM'000
ASSETS			
Cash and short-term funds	2	44,008,860	45,669,511
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah		9,751,262	5,885,498
Deposits and placements with banks and other financial institutions	3	3,096,482	4,613,720
Financial investments at fair value through profit or loss	4	33,200,263	40,279,244
Debt instruments at fair value through other comprehensive income	5	58,375,661	60,119,486
Equity instruments at fair value through other comprehensive income	6	300,669	323,105
Debt instruments at amortised cost	7	64,533,424	56,006,340
Derivative financial instruments	8	18,072,158	11,989,597
Loans, advances and financing	9	394,557,180	364,684,772
Other assets	10	13,601,102	11,256,072
Tax recoverable		339,068	674,935
Deferred tax assets	11	1,910,929	1,670,475
Statutory deposits with central banks	12	10,905,070	4,676,200
Investment in associates	14	41,786	770,801
Investment in joint ventures	15	2,425,221	2,181,345
Property, plant and equipment	16	2,055,881	2,068,976
Right-of-use assets	17	600,402	679,582
Investment properties	18	-	-
Goodwill	19	6,382,440	6,444,100
Intangible assets	20	1,798,512	1,857,470
		665,956,370	621,851,229
Non-current assets held for sale	55	764,855	55,829
Total assets		666,721,225	621,907,058
LIABILITIES			
Deposits from customers	21	432,949,983	422,418,092
Investment accounts of customers	22	13,684,632	10,427,167
Deposits and placements of banks and other financial institutions	23	34,189,249	30,701,895
Repurchase agreements/Collateralised Commodity Murabahah		35,923,201	29,184,383
Financial liabilities designated at fair value through profit or loss	24	11,063,853	6,856,782
Derivative financial instruments	8	17,460,533	10,895,455
Bills and acceptances payable		2,002,427	2,035,009
Other liabilities	25	25,160,638	15,830,825
Lease liabilities	26	500,138	575,805
Recourse obligation on loans and financing sold to Cagamas	27	650,667	998,246
Provision for taxation and zakat		109,651	214,336
Deferred tax liabilities	11	44,852	44,149
Bonds, Sukuk and debentures	29	9,918,209	13,379,042
Other borrowings	30	8,264,785	8,108,472
Subordinated obligations	31	11,014,515	10,128,585
		602,937,333	561,798,243
Non-current liabilities held for sale	55	39	67
Total liabilities		602,937,372	561,798,310



Consolidated Statement of Financial Position

as at 31 December 2022 (Continued)

	Note	2022 RM'000	2021 RM'000
EQUITY			
Capital and reserves attributable to owners of the Parent			
Ordinary share capital	32	29,094,547	27,099,681
Reserves	34	33,397,265	31,764,188
Less: Shares held under trust	35(a)	(563)	(563)
Treasury shares, at cost	35(b)	(43)	(43)
Perpetual preference shares	33	62,491,206	58,863,263
Non-controlling interests		200,000	200,000
		1,092,647	1,045,485
Total equity		63,783,853	60,108,748
Total equity and liabilities		666,721,225	621,907,058
Commitments and contingencies	50	1,371,423,297	1,213,155,193
Net assets per share attributable to owners of the Parent (RM)		5.86	5.76

Consolidated Statement of Income

for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Interest income	36(a)	17,847,429	15,588,087
Interest income for financial assets at fair value through profit or loss	36(b)	791,617	569,677
Interest expense	37	(7,016,125)	(5,221,273)
Net interest income (before modification loss)		11,622,921	10,936,491
Modification loss	38	6,707	(62,078)
Net interest income (after modification loss)		11,629,628	10,874,413
Income from Islamic banking operations	58	3,999,849	3,533,481
Net non-interest income	39	4,208,039	5,105,046
Overheads	40	19,837,516 (9,345,507)	19,512,940 (9,418,949)
Profit before expected credit losses		10,492,009	10,093,991
Expected credit losses on loans, advances and financing	41	(1,952,725)	(2,613,587)
Expected credit losses made for commitments and contingencies	25(a)	(30,756)	(110,222)
Other expected credit losses and impairment allowances made	42	(177,757)	(433,525)
Impairment of goodwill	19	-	(1,215,197)
Share of results of joint ventures	15	8,330,771 (26,022)	5,721,460 64,223
Share of results of associates	14	66,261	3,795
Profit before taxation and zakat		8,371,010	5,789,478
Taxation and zakat	44	(2,778,079)	(1,396,853)
Profit for the financial year		5,592,931	4,392,625
Profit attributable to:			
Owners of the Parent		5,439,863	4,295,334
Non-controlling interests		153,068	97,291
		5,592,931	4,392,625
Earnings per share attributable to ordinary equity holders of the Parent (sen)			
- Basic	45(a)	52.18	42.86
- Diluted	45(b)	52.09	42.86



Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Profit for the financial year		5,592,931	4,392,625
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefits obligation		2,419	28,044
– Actuarial gain		361	27,635
– Income tax effects		767	(1,044)
– Currency translation difference		1,291	1,453
Fair value changes on financial liabilities designated at fair value attributable to own credit risk		(154,013)	(72,510)
– Net loss from change in fair value attributable to own credit risk		(160,499)	(74,787)
– Currency translation difference		6,486	2,277
Equity instruments at fair value through other comprehensive income		(21,044)	22,689
– Net (loss)/gain from change in fair value		(16,343)	29,275
– Income tax effects		(11)	(4,979)
– Currency translation difference		(4,690)	(1,607)
		(172,638)	(21,777)
Items that may be reclassified subsequently to profit or loss			
Debt instruments at fair value through other comprehensive income		(886,883)	(1,038,852)
– Net loss from change in fair value		(1,097,535)	(739,202)
– Realised loss/(gain) transferred to statement of income on disposal		16,558	(511,806)
– Changes in expected credit losses		(25,068)	(35,067)
– Income tax effects		209,486	241,479
– Currency translation difference		9,676	5,744
Net investment hedge		(295,066)	(180,083)
Hedging reserve – cash flow hedge		(1,256)	(16,162)
– Net loss from change in fair value		(1,654)	(19,557)
– Income tax effects		398	3,395
Deferred hedging cost		21,353	59,600
– Net gain from change in fair value		20,122	63,977
– Income tax effects		1,231	(4,377)
Exchange fluctuation reserve		35,719	79,232
Share of other comprehensive income/(expense) of			
– Associates	14	8,713	162
– Joint ventures	15	1,723	(6,882)
		(1,115,697)	(1,102,985)
Other comprehensive expense during the financial year, net of tax		(1,288,335)	(1,124,762)
Total comprehensive income for the financial year		4,304,596	3,267,863
Total comprehensive income attributable to:			
Owners of the Parent		4,211,208	3,190,291
Non-controlling interests		93,388	77,572
		4,304,596	3,267,863

Company Statement of Financial Position

as at 31 December 2022

	Note	2022 RM'000	2021 RM'000
ASSETS			
Cash and short-term funds	2	474,259	93,674
Debt instruments at fair value through other comprehensive income	5	1,737,110	1,778,168
Debt instruments at amortised cost	7	7,813,401	6,798,814
Other assets	10	83,364	84,101
Amount owing by subsidiaries		209	183
Tax recoverable		185,361	185,354
Investment in subsidiaries	13	34,666,619	32,873,956
Property, plant and equipment	16	266	413
Right-of-use assets	17	430	430
Investment properties	18	327	345
Non-current assets held for sale	55	-	3,768
Total assets		44,961,346	41,819,206
LIABILITIES			
Other liabilities	25	12,762	3,158
Amount owing to subsidiaries		531	13,389
Deferred tax liabilities	11	3	227
Other borrowings	30	3,956,970	4,707,895
Subordinated obligations	31	10,627,596	9,609,761
Total liabilities		14,597,862	14,334,430
EQUITY			
Ordinary share capital	32	29,094,547	27,099,681
Reserves	34	1,268,980	385,138
Less: Treasury shares, at cost	35(b)	(43)	(43)
Total equity		30,363,484	27,484,776
Total equity and liabilities		44,961,346	41,819,206



Company Statement of Income

for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Interest income	36(a)	388,181	405,633
Interest expense	37	(556,391)	(583,304)
Net interest expense		(168,210)	(177,671)
Net non-interest income	39	3,718,881	584,188
Overheads	40	3,550,671 (30,839)	406,517 (36,054)
Profit before expected credit losses		3,519,832	370,463
Other expected credit losses and impairment allowances (made)/written back	42	(2,553)	20,659
Profit before taxation		3,517,279	391,122
Taxation	44	(1,560)	469
Profit for the financial year		3,515,719	391,591

Company Statement of Comprehensive Income

for the financial year ended 31 December 2022

	2022 RM'000	2021 RM'000
Profit for the financial year	3,515,719	391,591
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Debt instruments at fair value through other comprehensive income	(41,762)	(75,286)
– Net loss from change in fair value	(40,906)	(61,667)
– Changes in expected credit losses	(856)	(13,619)
Other comprehensive expense during the financial year, net of tax	(41,762)	(75,286)
Total comprehensive income for the financial year	3,473,957	316,305

for the financial year ended 31 December 2022

Attributable to owners of the Parent																	
		Fair value reserve															
		Debt instruments at fair value through other comprehensive income				Equity instruments at fair value through other comprehensive income				Treasury shares		Shares held under trust		Exchange fluctuation reserve		Statutory reserve	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Ordinary share capital		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Note																
The Group																	
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)		-	-	-	79,379	-	-	(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 charges 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 (expense)/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		-	-	-	79,379	-	-	(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	46	-	-	-	-	-	-	-	-	-	-	-	(1,282,792)	(1,282,792)	-	-	(1,282,792)
First interim dividend for the financial year ended 31 December 2022	46	-	-	-	-	-	-	-	-	-	-	-	(1,361,653)	(1,361,653)	-	-	(1,361,653)



Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022

Attributable to owners of the Parent

The Group	Note	Fair value reserve																			
		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			Equity instruments at fair value through other comprehensive income			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	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	13,836	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,836)	-	-	-	-	-
-	-	-	-	35,207	-	-	-	-	-	-	-	-	-	-	-	(35,207)	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,994,866	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,994,866	-	-	1,994,866	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,391)	(1,391)	-	(1,727)	(3,118)	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,926	5,926	-
-	40, 48	-	-	-	-	-	-	-	-	-	-	-	-	77,415	-	-	77,415	-	-	77,415	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,994,866	-	13,836	35,207	-	-	-	-	-	-	39,861	27,844	-	(2,694,879)	(583,265)	-	(46,226)	(629,491)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	288,707	(288,707)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	280	-	-	-	-	-
29,094,547	-	166,833	242,026	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	-	-	-	-	-
At 31 December 2022																					

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022

Attributable to owners of the Parent																
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	Fair value reserve								
								Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income 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 2021		25,843,808	148,117	207,419	421,265	(563)	(43)	465,293	(248,084)	(1,171,120)	75,612	233,441	29,950,496	200,000	1,048,481	57,174,122
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	4,295,334	-	97,291	4,392,625
Other comprehensive (expense)/income (net of tax)		-	(25)	-	75,816	-	-	(1,021,824)	22,369	(181,712)	339	(6)	-	-	(19,719)	(1,124,762)
Debt instruments at fair value through other comprehensive income		-	-	-	-	-	-	(1,021,827)	-	-	-	-	-	-	(17,025)	(1,038,852)
Equity instruments at fair value through other comprehensive income		-	-	-	-	-	-	-	22,369	-	-	-	-	-	320	22,689
Fair value changes on financial liabilities designated at fair value relating to own credit risk		-	-	-	-	-	-	-	(70,240)	-	-	-	-	-	(2,270)	(72,510)
Net investment hedge		-	-	-	-	-	-	-	(180,083)	-	-	-	-	-	-	(180,083)
Hedging reserve - cash flow hedge		-	-	-	-	-	-	-	(15,191)	-	-	-	-	-	(971)	(16,162)
Deferred hedging cost		-	-	-	-	-	-	-	59,600	-	-	-	-	-	-	59,600
Remeasurement of post employment benefits obligations		-	-	-	-	-	-	-	26,554	-	-	-	-	-	1,490	28,044
Currency translation difference		-	-	-	81,672	-	-	-	(1,517)	340	-	-	-	-	(1,263)	79,232
Share of other comprehensive (expense)/income of		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Associates		-	-	-	162	-	-	-	-	-	-	-	-	-	-	162
- Joint ventures		-	(25)	-	(6,018)	-	-	3	-	(835)	(1)	(6)	-	-	-	(6,882)
Total comprehensive (expense)/income for the financial year		-	(25)	-	75,816	-	-	(1,021,824)	22,369	(181,712)	339	(6)	4,295,334	-	77,572	3,267,863
Interim dividend for the financial year ended 31 December 2020	46	-	-	-	-	-	-	-	-	-	-	-	(477,295)	-	-	(477,295)
First interim dividend for the financial year ended 31 December 2021	46	-	-	-	-	-	-	-	-	-	-	-	(1,045,481)	-	-	(1,045,481)



Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022

		Attributable to owners of the Parent													
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	Fair value reserve					Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
								Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Other reserves RM'000				
Non-controlling interests share of dividend		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve		-	4,905	-	-	-	-	-	-	-	-	-	-	(4,905)	-
Issuance of shares arising from:															
- dividend reinvestment scheme	32	1,255,873	-	-	-	-	-	-	-	-	-	-	-	-	1,255,873
Rights issue of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment expense	40, 48	-	-	-	-	-	-	-	-	-	82,459	-	-	-	82,459
Purchase of shares in relation to Equity Ownership Plan ("EOP")		-	-	-	-	-	-	-	-	(28,277)	-	-	-	-	(28,277)
Shares released under employee benefit schemes		-	-	-	-	-	-	-	-	64,053	(69,435)	-	-	-	(5,382)
Disposal and deemed disposal of subsidiaries		-	-	-	(34)	-	-	-	-	-	(2,858)	-	-	-	(2,892)
Net non-controlling interests share of subsidiary treasury shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of joint ventures		-	-	-	(34,147)	-	-	-	245	1,747	478	3	-	-	(31,674)
Total transactions with owners recognised directly in equity		1,255,873	4,905	-	(34,181)	-	-	-	245	37,523	10,644	3	(1,527,681)	(252,669)	
Transfer from regulatory reserve		-	-	-	-	-	-	-	-	-	-	(104,152)	104,152	-	
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	-	-	-	-	-	7,925	-	-	-	(7,925)	-	
At 31 December 2021		27,099,681	152,997	207,419	462,900	(563)	(43)	(556,531)	(217,545)	(131,530)	86,595	129,286	32,814,376	58,862,263	

Company Statement of Changes in Equity

for the financial year ended 31 December 2022

		Non-distributable				Distributable		
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
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	46	-	-	-	-	-	(1,282,792)	(1,282,792)
First interim dividend for the financial year ended 31 December 2022	46	-	-	-	-	-	(1,361,653)	(1,361,653)
Capital contribution to subsidiaries		-	-	-	-	54,330	-	54,330
Issue of shares arising from: – dividend reinvestment scheme	32	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



Company Statement of Changes in Equity

for the financial year ended 31 December 2022

		← Non-distributable →				Distributable		
		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
The Company	Note							
At 1 January 2021		25,843,808	55,982	(43)	103,514	-	1,398,626	27,401,887
Profit for the financial year		-	-	-	-	-	391,591	391,591
Other comprehensive income (net of tax)		-	-	-	(75,286)	-	-	(75,286)
Debt instruments at fair value through other comprehensive income		-	-	-	(75,286)	-	-	(75,286)
Total comprehensive (expense)/ income for the financial year		-	-	-	(75,286)	-	391,591	316,305
Interim dividend for the financial year ended 31 December 2020	46	-	-	-	-	-	(477,295)	(477,295)
First interim dividend for the financial year ended 31 December 2021	46	-	-	-	-	-	(1,045,481)	(1,045,481)
Capital contribution to subsidiaries		-	-	-	-	33,487	-	33,487
Issue of shares arising from: - dividend reinvestment scheme	32	1,255,873	-	-	-	-	-	1,255,873
At 31 December 2021		27,099,681	55,982	(43)	28,228	33,487	267,441	27,484,776

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES			
Profit before taxation and zakat		8,371,010	5,789,478
Adjustments for:			
Accretion of discounts less amortisation of premiums	36	227,902	442,256
Other expected credit losses	42	177,757	433,525
Expected credit losses on loans, advances and financing	41	2,611,007	3,279,220
Expected credit losses made for commitments and contingencies	25(a)	30,756	110,222
Amortisation of intangible assets	40	595,649	714,578
Depreciation of property, plant and equipment	40	300,917	276,272
Depreciation of right-of-use assets	40	215,723	231,948
Dividends from financial investments at fair value through profit or loss	39	(48,574)	(57,746)
Dividends from equity instruments at fair value through other comprehensive income	39	(2,736)	(2,614)
(Gain)/loss on disposal/dilution of interest in joint ventures and associates	39	(10,814)	6,022
Loss/(gain) on deemed disposal and disposal of interest in subsidiaries	39	363	(1,156,486)
Gain on disposal of property, plant and equipment/assets held for sale	39	(27,215)	(42,671)
Loss on sale of financial investments at fair value through profit or loss	39	1,067,080	367,525
Gain/(loss) on sale of debt instruments at fair value through other comprehensive income	39	32,936	(450,247)
Gain on redemption of debt instruments at amortised cost	39	(12,740)	(7,020)
Gain on disposal of loans, advances and financing	39	(37,170)	(32,251)
Gain on sale of derivative financial instruments	39	(5,327,351)	(2,591,840)
Loss/(gain) on disposal of foreclosed assets	39	6,514	(313)
Impairment of goodwill	19	-	1,215,197
Interest income on debt instruments at fair value through other comprehensive income	36(a)	(2,040,550)	(1,838,211)
Interest income on debt instruments at amortised cost	36(a)	(1,834,030)	(1,703,664)
Interest expense on subordinated obligations	37	403,779	438,418
Interest expense on bonds, Sukuk and debentures	37	364,114	285,978
Interest expense on other borrowings	37	226,121	201,535
Interest expenses on lease liabilities	37	18,845	20,708
Interest expense on recourse obligation on loan and financing sold to Cagamas	37	26,454	42,516
Net gain arising from hedging activities	39	(32,266)	(5,206)
Property, plant and equipment written off	40	2,786	3,713
Intangible assets written off	40	1,632	65,904
Share-based payment expense	48	77,415	82,459
Share of results of associates	14	(66,261)	(3,795)
Share of results of joint ventures	15	26,022	(64,223)
Unrealised gain on financial liabilities designated at fair value through profit or loss	39	(356,161)	(211,148)
Unrealised loss on foreign exchange	39	2,061,552	1,597,242
Unrealised loss/(gain) on revaluation of derivative financial instruments	39	518,328	(1,091,022)
Unrealised loss on revaluation of financial investments at fair value through profit or loss	39	68,972	671,017
Unrealised loss/(gain) from loans, advances and financing at fair value through profit or loss	39	1,208	(1,482)
Modification (gain)/loss	38	(6,707)	62,078
		(738,743)	1,288,394
		7,632,267	7,077,872
DECREASE IN OPERATING ASSETS			
Reverse repurchase agreements		(3,865,764)	947,422
Deposits and placements with banks and other financial institutions with original maturity of more than three months		(946,086)	(695,115)
Cash and short-term funds with original maturity of more than three months		1,741,680	(1,549,322)
Financial investments at fair value through profit or loss		5,363,410	948,647
Loans, advances and financing		(32,511,210)	(14,105,407)
Other assets		(3,454,525)	2,909,684
Derivative financial instruments		5,186,935	2,179,872
Statutory deposits with central banks		(6,228,870)	(264,611)
		(34,714,430)	(9,628,830)



Consolidated Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
INCREASE IN OPERATING LIABILITIES			
Deposits from customers		10,531,891	19,367,455
Investment accounts of customers		3,257,465	7,748,297
Deposits and placements of banks and other financial institutions		3,487,354	(1,087,096)
Financial liabilities designated at fair value through profit or loss		4,563,232	3,051,000
Repurchase agreements/Collateralised commodity murabahah		6,738,818	1,037,802
Bills and acceptances payable		(32,582)	(174,707)
Other liabilities		9,105,967	(2,474,463)
		37,652,145	27,468,288
Cash flows generated from operations		10,569,982	24,917,330
Taxation paid		(2,474,389)	(1,745,098)
Net cash flows generated from operating activities		8,095,593	23,172,232
INVESTING ACTIVITIES			
Distributions and capital repayment from associates	14	19,726	39,562
Dividend from an associate	14	36,250	-
Dividend from joint venture	15	60,000	59,880
Dividends from financial investments at fair value through profit or loss	39	48,574	57,746
Dividends from equity instruments at fair value through other comprehensive income	39	2,736	2,614
Investment in associates	14	(9,102)	(761,100)
Investment in joint ventures	15	(326,868)	(48,593)
Interest income received from debt instruments at fair value through other comprehensive income	36(a)	2,040,550	1,838,211
Interest income received from debt instruments at amortised cost	36(a)	1,834,030	1,703,664
Net purchase of debt instruments at fair value through other comprehensive income		(371,093)	(14,394,773)
Net proceed of equity instruments at fair value through other comprehensive income		(19,865)	35,583
Net purchase of debt instruments at amortised cost		(8,589,736)	(227,218)
Net addition of right-of-use assets		(7,100)	(127,478)
Net proceeds from disposal of joint venture		-	720,651
Net cash outflow from disposal of subsidiaries	56	-	(323,246)
Proceeds from disposal of property, plant and equipment/asset held for sale		45,348	424,215
Purchase of property, plant and equipment	16	(350,560)	(367,571)
Proceeds from disposal of intangible assets		1,137	52,296
Purchase of intangible assets	20	(549,941)	(676,550)
Net cash flows used in investing activities		(6,135,914)	(11,992,107)

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
FINANCING ACTIVITIES			
Contribution from non-controlling interests		5,926	2
Dividends paid to non-controlling interests		(51,235)	(33,609)
Dividends paid to shareholders	46	(649,579)	(266,902)
Interest paid on bonds, Sukuk and debentures	(i)	(309,729)	(242,529)
Interest paid on commercial papers and medium term notes	(i)	(114,019)	(61,620)
Interest paid on subordinated obligations	(i)	(403,636)	(464,145)
Interest paid on term loan facility and other borrowings	(i)	(86,346)	(138,948)
Interest paid on recourse loans sold to Cagamas	(i)	(27,766)	(48,630)
Proceeds from issuance of commercial papers and medium term notes	(i)	-	3,000,805
Proceeds from issuance of bonds, Sukuk and debentures	(i)	5,619,953	3,423,493
Proceeds from issuance of subordinated obligations	(i)	2,500,000	350,000
Proceeds from revolving credit and overdraft	(i)	-	106,759
Proceeds from term loan facility and other borrowings	(i)	4,449,409	491,714
Repayment of lease obligation	(i)	(213,975)	(121,075)
Redemption/repayment of bonds, Sukuk and debentures	(i)	(9,116,594)	(2,577,405)
Repayment of commercial papers and medium term notes	(i)	(764,568)	-
Repayment of recourse loans sold to Cagamas	(i)	(320,007)	(1,074,014)
Redemption/repayment of subordinated obligations	(i)	(1,493,556)	(2,924,239)
Repayment of term loan facility and other borrowings	(i)	(3,675,958)	(6,006,900)
Net cash flows used in financing activities		(4,651,680)	(6,587,243)
Net (decrease)/increase in cash and cash equivalents during the financial year		(2,692,001)	4,592,882
Effects of exchange rate changes		309,843	319,689
Cash and short-term funds at beginning of the financial year		46,106,715	41,194,144
		43,724,557	46,106,715
Monies held in trust		(685,485)	(680,986)
Cash and cash equivalents at end of the financial year		43,039,072	45,425,729
Cash and cash equivalents comprise:			
Cash and short-term funds	2	44,008,860	45,669,511
Deposits and placements with banks and other financial institutions	3	3,096,482	4,613,720
		47,105,342	50,283,231
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months		(3,380,785)	(4,176,516)
Monies held in trust		(685,485)	(680,986)
Cash and cash equivalents at end of financial year		43,039,072	45,425,729



Company Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES			
Profit before taxation		3,517,279	391,122
Adjustments for:			
Depreciation of property, plant and equipment	40	147	554
Depreciation of right-of-use assets	40	-	10
Depreciation of investment properties	40	18	18
Dividends from subsidiaries	39	(3,131,843)	(582,565)
Gain on disposal of property, plant and equipment/asset held for sale	39	(4,232)	-
Interest expense on term loan	37	-	70,704
Interest expense on commercial papers and medium term notes	37	127,312	61,791
Interest expense on subordinated obligations	37	429,079	450,809
Interest income from debt instruments at fair value through other comprehensive income and debt instruments at amortised cost	36(a)	(380,279)	(402,337)
Gain on disposal of a subsidiary	39	(581,774)	-
Other expected credit losses and impairment allowances	42	2,553	(20,659)
Unrealised gain on foreign exchange		(684)	(469)
		(3,539,703)	(422,144)
		(22,424)	(31,022)
INCREASE IN OPERATING ASSETS			
Amount due from subsidiaries		(12,884)	12,791
Other assets		1,082,580	(601)
		1,069,696	12,190
INCREASE/(DECREASE) IN OPERATING LIABILITIES			
Other liabilities		10,639	(3,022)
		10,639	(3,022)
Cash flows generated from/(used in) operations		1,057,911	(21,854)
Taxation paid		(1,791)	(1,009)
Net cash flows generated from/(used in) operating activities		1,056,120	(22,863)
INVESTING ACTIVITIES			
Acquisition of additional interest in subsidiaries	13	(2,237,719)	(371,894)
Dividends from subsidiaries	39	3,131,843	582,565
Proceeds from disposal of property, plant and equipment/asset held for sale		8,000	-
Interest received from financial investments		362,436	409,412
Net proceeds from disposal of debt instruments at fair value through other comprehensive income		-	1,400,000
Net purchase of debt instruments at amortised cost		(1,000,000)	(90,000)
Net cash flows generated from investing activities		264,560	1,930,083
FINANCING ACTIVITIES			
Dividends paid to shareholders	46	(649,579)	(266,902)
Interest paid on commercial papers and medium term notes	(i)	(128,589)	(60,815)
Interest paid on term loan	(i)	-	(72,675)
Interest paid on subordinated obligations	(i)	(411,244)	(457,757)
Repayment of term loan facility	(i)	-	(3,000,000)
Proceeds from issuance of commercial papers and medium term notes	(i)	-	3,000,000
Proceeds from issuance of subordinated obligations	(i)	2,500,000	100,000

Company Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
FINANCING ACTIVITIES (CONTINUED)			
Repayment of commercial papers and medium term notes	(i)	(750,000)	–
Repayment of subordinated obligations	(i)	(1,500,000)	(1,400,000)
Net cash flows used in financing activities		(939,412)	(2,158,149)
Net increase/(decrease) in cash and cash equivalents during the financial year		381,268	(250,929)
Effects of exchange rate changes		(683)	–
Cash and cash equivalents at beginning of the financial year		93,674	344,603
Cash and cash equivalents at end of the financial year	2	474,259	93,674

(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 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	
At 1 January 2021	2,110,668	12,463,964	10,405,959	12,808,510	543,224	38,332,325	4,708,893	10,916,708	15,625,601	
Proceeds from issuance	–	3,423,493	3,599,278	350,000	–	7,372,771	3,000,000	100,000	3,100,000	
Repayment and redemption	(1,074,014)	(2,577,405)	(6,006,900)	(2,924,239)	(121,075)	(12,703,633)	(3,000,000)	(1,400,000)	(4,400,000)	
Interest paid	(48,630)	(242,529)	(200,568)	(464,145)	–	(955,872)	(133,490)	(457,757)	(591,247)	
Exchange fluctuation	–	176,069	106,914	2,717	–	285,700	–	–	–	
Other non cash movement	10,222	135,450	203,789	355,742	153,656	858,859	132,492	450,810	583,302	
At 31 December 2021	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	



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

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 54.

(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 2022 are as follows:

- Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"
- Amendments to MFRS 116 "Proceeds before intended use"
- Amendments to MFRS 3 "Reference to Conceptual Framework"
- Amendments to MFRS 137 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual improvements to MFRS 9 "Fees in the 10% test for derecognition of financial liabilities"
- Annual Improvements to MFRS 1 "Subsidiary as First-time Adopter"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 141 "Taxation in Fair Value Measurements"

The adoption of the above amendments to published standards did not have any impact on the current period or any prior period and is not likely to affect 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 2023

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

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

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 EFFECTIVE (CONTINUED)

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

(I) FINANCIAL YEAR BEGINNING ON/AFTER 1 JANUARY 2023 (CONTINUED)

- **Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates**

Amendments on disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2)

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments on definition of accounting estimates (Amendments to MFRS 108)

The amendments to MFRS 108, redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Group and the Company.

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

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

The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

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 that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

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 EFFECTIVE (CONTINUED)

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

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

- **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.

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.

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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(A) SUBSIDIARIES (CONTINUED)

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.

(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.



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(D) JOINT ARRANGEMENTS (CONTINUED)

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.

(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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(E) ASSOCIATES (CONTINUED)

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.

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 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.



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

D RECOGNITION OF FEES AND OTHER INCOME (CONTINUED)

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.

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.

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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

E FINANCIAL ASSETS (CONTINUED)

(A) CLASSIFICATION (CONTINUED)

- (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.

(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.



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

E FINANCIAL ASSETS (CONTINUED)

(C) SUBSEQUENT MEASUREMENT (CONTINUED)

DEBT INSTRUMENTS (CONTINUED)

(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.

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.

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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

E FINANCIAL ASSETS (CONTINUED)

(E) MODIFICATION OF LOANS/FINANCING

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 38. 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 Significant Group Accounting Policies

for the financial year ended 31 December 2022

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. 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 Significant Group Accounting Policies

for the financial year ended 31 December 2022

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 Significant Group Accounting Policies

for the financial year ended 31 December 2022

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
Computer equipment and software under lease	7 years or over the period of the lease, whichever is shorter
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 Significant Group Accounting Policies

for the financial year ended 31 December 2022

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 Significant Group Accounting Policies

for the financial year ended 31 December 2022

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.

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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

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

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.

P BILLS AND ACCEPTANCES PAYABLE

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



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

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 8.

(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.

(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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

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 are MYR KLIBOR, USD LIBOR, SGD SOR, THBFX and IDR JIBOR.

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, USD LIBOR and SGD SOR that are respective current benchmark interest rate. Additional information about the Group's exposure to IBOR reform is presented in Note 8.

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

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 and THBFX that is the respective current benchmark interest rate. However, as part of the reforms noted above, the authority has decided to no longer compel panel bank to participate in the USD LIBOR submission process after end of 30 June 2023 and cease to oversight of these benchmark interest rates. Regulatory authorities and private sector working groups have been discussing alternative benchmark rates for USD LIBOR. It is expected that USD SOFR (secured overnight financing rate) will replace USD LIBOR.



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

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

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 (loans, bonds and debentures as well as debt instruments at FVOCI) and hedging instruments (the derivatives used to hedge the relevant hedged items).

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.

The adoption of the amendments has no impact on the opening retained earnings since 2021 because none of the IBOR based contracts of the Group were modified. For contracts modified as a result of IBOR reform during the year, the Group applies the Phase 2 amendments as described below.

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.

Since 2021, changes required to systems, processes and models have been identified and fully implemented. There have been specific communications with counterparties, but specific changes to contracts required by IBOR reform have not yet been agreed.

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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

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 expedients 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 and Company held at 31 December 2022 which are referenced to USD LIBOR and MYR KLIBOR have not yet transitioned to alternative benchmark rates; and USD LIBOR with maturity after June 2023.

	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



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

EFFECT OF IBOR REFORM (CONTINUED)

	The Group	
	Notional amount of which USD LIBOR with maturity after June 2023	
	Asset RM'000	Liability RM'000
Non-derivatives assets and liabilities		
Bonds/Sukuk and notes	545,043	3,591,429
Deposit from customers	-	21,138
Loans/financing	6,892,230	-
Other assets	175,620	-
Other liabilities	-	478,565
Derivatives	34,363,368	37,160,621

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.

(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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

R CURRENCY TRANSLATIONS (CONTINUED)

(C) GROUP COMPANIES (CONTINUED)

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. However, 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.

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.

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.



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

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

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.

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

U EMPLOYEE BENEFITS (CONTINUED)

(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.

(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.



Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2022

U EMPLOYEE BENEFITS (CONTINUED)

(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 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). Details of the key features of ESOS and SGP are set out in Note 48.

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 Significant Group Accounting Policies

for the financial year ended 31 December 2022

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 Significant Group Accounting Policies

for the financial year ended 31 December 2022

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 2022

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the significant subsidiaries as set out in Note 13 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

Note	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and balances with banks and other financial institutions	10,805,507	9,840,845	122,716	14,033
Money at call and deposit placements maturing within one month	33,205,881	35,831,150	351,543	79,641
Less: Expected credit losses	44,011,388 (2,528)	45,671,995 (2,484)	474,259 -	93,674 -
	44,008,860	45,669,511	474,259	93,674

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

- (i) Monies held in trust in relation to the Group's unutilised value of contactless smart cards and amounts due to service providers for value utilised:

	The Group	
	2022 RM'000	2021 RM'000
Money held in trust for unutilised value of contactless smart cards and amounts due to service providers for value utilised	257,322	47,778



Notes to the Financial Statements

for the financial year ended 31 December 2022

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Note	The Group	
		2022 RM'000	2021 RM'000
Licensed banks		2,685,829	3,627,532
Licensed investment banks		344,000	511,347
Bank Negara Malaysia and other central banks		18,854	476,804
Other financial institutions		50,160	–
		3,098,843	4,615,683
Less: Expected credit losses	3(a)	(2,361)	(1,963)
		3,096,482	4,613,720

Included in deposits and placements with banks and other financial institutions are monies held in trust in relation to the Group's unutilised value of contactless smart cards and amounts due to service providers for value utilised of RM428,163,000 (2021: RM633,208,000).

3(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 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
At 1 January 2021	119	–	2,316	2,435
Total charge to Statement of Income:	(517)	–	–	(517)
New financial assets originated	890	–	–	890
Financial assets that have been derecognised	(99)	–	–	(99)
Change in credit risk	(1,308)	–	–	(1,308)
Exchange fluctuation	2,444	–	85	2,529
At 31 December 2021	2,046	–	2,401	4,447

As at 31 December 2022, the gross exposures of money at call that are credit impaired is RM2,528,000 (2021: RM2,401,000).

Notes to the Financial Statements

for the financial year ended 31 December 2022

4 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2022 RM'000	2021 RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	3,141,965	2,063,110
Cagamas bonds	1,021,901	865,744
Khazanah bonds	1,987	63,381
Malaysian Government treasury bills	1,265,864	151,173
Bank Negara Malaysia monetary notes	1,094,640	2,290,759
Negotiable instruments of deposit	193,586	3,909,653
Other Government securities	3,022,373	5,405,014
Government Investment Issues	3,080,842	2,611,716
Other Government treasury bills	10,370,577	9,884,399
Commercial papers	24,753	1,479,300
Promissory Notes	295,529	398,711
	23,514,017	29,122,960
Quoted securities:		
<u>In Malaysia:</u>		
Shares	988,048	1,115,967
<u>Outside Malaysia:</u>		
Shares	352,026	290,468
	1,340,074	1,406,435
Unquoted securities:		
<u>In Malaysia:</u>		
Corporate bond and Sukuk	3,103,138	3,030,818
Shares	1,054,046	1,001,003
Unit trusts	93,128	85,627
<u>Outside Malaysia:</u>		
Corporate bond	1,535,979	3,822,467
Shares	3,385	1,960
Private equity funds	139,499	175,649
Other Government bonds	2,416,997	1,632,325
	8,346,172	9,749,849
	33,200,263	40,279,244



Notes to the Financial Statements

for the financial year ended 31 December 2022

5 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fair value				
Money market instruments:				
Unquoted				
Malaysian Government Securities	5,107,076	4,832,000	-	-
Cagamas bonds	396,349	270,955	-	-
Negotiable instruments of deposit	232,584	470,384	-	-
Other Government securities	7,618,254	5,114,067	-	-
Government investment Issues	6,427,540	5,712,395	-	-
Other Government treasury bills	140,102	-	-	-
	19,921,905	16,399,801	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	20,139,108	21,951,483	1,737,110	1,778,168
<i>Outside Malaysia:</i>				
Corporate bond and Sukuk	9,618,028	10,371,627	-	-
Bank Indonesia certificates	-	194,652	-	-
Other Government bonds	8,696,620	11,201,923	-	-
	38,453,756	43,719,685	1,737,110	1,778,168
	58,375,661	60,119,486	1,737,110	1,778,168

Securities and money market instruments amounting to RM5,403 million (2021: RM6,083 million) invested by asset management companies on behalf of the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2022

5 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 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
At 1 January 2021	40,076	24,223	20,849	85,148
Changes in expected credit losses due to transfer within stages:	(527)	527	–	–
Transferred to Stage 2	(527)	527	–	–
Total charge to Statement of Income:	(11,698)	(23,369)	–	(35,067)
New financial assets purchased	105,563	–	–	105,563
Financial assets that have been derecognised	(28,081)	(24,584)	–	(52,665)
Change in credit risk	(89,180)	1,215	–	(87,965)
Exchange fluctuation	13,947	367	–	14,314
At 31 December 2021	41,798	1,748	20,849	64,395



Notes to the Financial Statements

for the financial year ended 31 December 2022

5 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 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
At 1 January 2021	25,947	-	-	25,947
Total charge to Statement of Income:	(13,619)	-	-	(13,619)
Change in credit risk	(13,619)	-	-	(13,619)
At 31 December 2021	12,328	-	-	12,328

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 2022	20,849	20,849
Amount recovered	(20,849)	(20,849)
At 31 December 2022	-	-
At 1 January 2021/31 December 2021	20,849	20,849

Notes to the Financial Statements

for the financial year ended 31 December 2022

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

IMPACT OF MOVEMENTS IN GROSS CARRYING AMOUNT ON EXPECTED CREDIT LOSSES

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.

2021:

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

Stage 2 ECL decreased by RM22 million mainly due to the derecognition of financial assets.

6 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group	
	2022 RM'000	2021 RM'000
Quoted securities		
<i>In Malaysia</i>		
Shares	22,264	30,039
<i>Outside Malaysia</i>		
Shares	1,860	1,981
Property fund	-	5,492
	24,124	37,512
Unquoted securities		
<i>In Malaysia</i>		
Shares	265,578	265,418
Property funds	189	189
<i>Outside Malaysia</i>		
Shares	10,705	12,759
Private equity funds	73	7,227
	276,545	285,593
	300,669	323,105



Notes to the Financial Statements

for the financial year ended 31 December 2022

6 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:

	Note	The Group	
		2022 RM'000	2021 RM'000
Quoted securities			
Compact Metal Industries Ltd		72	83
Premier Products Limited		1,788	1,898
Sub Sri Thai Property Fund	(a)	-	5,492
Tune Protect Group Berhad		22,264	30,039
		24,124	37,512
Unquoted securities			
Tabung Pemulihan Perumahan Terbengkalai		93,571	93,376
Swift		2,383	2,383
Financial Park (Labuan) Sdn Bhd		164,323	164,323
Global Maritime Ventures Bhd		3,409	3,409
Perbadanan Nasional Berhad		3,926	3,926
Redcliff Enterprise Overseas Ltd, BVI		73	7,227
Others	(b)	8,860	10,949
		276,545	285,593
Total		300,669	323,105

(a) During the financial year, a subsidiary of the Group has disposed its holding in Sub Sri Thai Property Fund due to favourable market opportunities with a gain on disposal of RM280,000. The fair value of the fund prior to disposal is RM5,175,000.

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

Notes to the Financial Statements

for the financial year ended 31 December 2022

7 DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Money market instruments:				
Unquoted				
Malaysian Government securities	9,262,963	7,086,208	-	-
Cagamas bonds	503,023	245,668	-	-
Other Government treasury bills	5,144,798	3,834,187	-	-
Other Government securities	3,535,311	2,022,944	-	-
Malaysian Government investment issue	16,658,815	15,617,821	-	-
Khazanah bonds	202,027	235,345	-	-
Negotiable instruments of deposit	-	127,679	-	-
	35,306,937	29,169,852	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond and Sukuk	19,812,585	18,195,695	7,864,777	6,846,781
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	4,208,523	4,166,266	-	-
Other Government bonds	5,757,420	5,091,327	-	-
	29,778,528	27,453,288	7,864,777	6,846,781
Total	65,085,465	56,623,140	7,864,777	6,846,781
Amortisation of premium, net of accretion of discount	32,998	30,445	-	-
Less: Expected credit losses	(585,039)	(647,245)	(51,376)	(47,967)
	64,533,424	56,006,340	7,813,401	6,798,814

Securities and money market instruments amounting to RM1,327 million (2021: RM1,280 million) invested by asset management companies on behalf of the Group.



Notes to the Financial Statements

for the financial year ended 31 December 2022

7 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 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

At 1 January 2021	9,096	735,922	11,471	756,489
Changes in expected credit losses due to transfer within stages:	84	(453,608)	453,524	-
Transferred to Stage 1	228	(228)	-	-
Transferred to Stage 2	(144)	144	-	-
Transferred to Stage 3	-	(453,524)	453,524	-
Total charge to Statement of Income:	(7,363)	39,210	156,042	187,889
New financial assets purchased	12,819	-	-	12,819
Financial assets that have been derecognised	(615)	-	-	(615)
Change in credit risk	(19,567)	39,210	156,042	175,685
Write-offs	-	-	(7,020)	(7,020)
Exchange fluctuation	61	-	85	146
Other movements	-	(290,259)	-	(290,259)
At 31 December 2021	1,878	31,265	614,102	647,245

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for the financial year ended 31 December 2022

7 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 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
At 1 January 2021	55,022	–	–	55,022
Total charge to Statement of Income:	(7,055)	–	–	(7,055)
Change in credit risk	(7,055)	–	–	(7,055)
At 31 December 2021	47,967	–	–	47,967

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 2022	1,231,144	1,231,144
Other changes in debts instruments	31,094	31,094
Exchange fluctuation	23,987	23,987
At 31 December 2022	1,286,225	1,286,225
At 1 January 2021	11,471	11,471
Transfer within stages	1,226,546	1,226,546
Write-offs	(7,020)	(7,020)
Other changes in debts instruments	5,578	5,578
Exchange fluctuation	(5,431)	(5,431)
At 31 December 2021	1,231,144	1,231,144



Notes to the Financial Statements

for the financial year ended 31 December 2022

7 DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

IMPACT OF MOVEMENTS IN GROSS CARRYING AMOUNT ON EXPECTED CREDIT LOSSES

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.

2021:

Stage 2 ECL decreased by RM705 million mainly due to debt instrument migrated from Stage 2 to Stage 3 arising from deterioration in credit quality, partially offset with conversion of debt instrument to loans, advances and financing.

Stage 3 ECL increased by RM603 million mainly due to debt instrument migrated from Stage 2 to Stage 3 arising from deterioration in credit quality.

8 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		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
2022			
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)



Notes to the Financial Statements

for the financial year ended 31 December 2022

8 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
2022			
Trading derivatives (Continued)			
<u>Interest rate derivatives</u>			
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)
<u>Equity related derivatives</u>			
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)
<u>Commodity related derivatives</u>			
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)
<u>Credit related contract</u>			
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)



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for the financial year ended 31 December 2022

8 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
2022			
<u>Trading derivatives (Continued)</u>			
Bond contract			
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)
<u>Hedging derivatives</u>			
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)

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8 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Principal amount RM'000	The Group Fair values	
		Assets RM'000	Liabilities RM'000
2021			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forwards	48,268,030	273,110	(504,818)
– Less than 1 year	44,880,812	255,157	(375,141)
– 1 year to 3 years	2,744,734	12,317	(75,023)
– More than 3 years	642,484	5,636	(54,654)
Currency swaps	462,821,680	5,105,674	(4,362,735)
– Less than 1 year	461,052,106	5,071,526	(4,328,502)
– 1 year to 3 years	1,674,882	33,322	(33,138)
– More than 3 years	94,692	826	(1,095)
Currency spots	3,567,881	2,411	(2,683)
– Less than 1 year	3,567,881	2,411	(2,683)
Currency options	9,957,690	85,491	(107,761)
– Less than 1 year	5,025,423	21,894	(41,606)
– 1 year to 3 years	3,763,207	40,733	(35,420)
– More than 3 years	1,169,060	22,864	(30,735)
Cross currency interest rate swaps	103,324,627	2,217,248	(2,448,209)
– Less than 1 year	30,266,673	450,747	(819,096)
– 1 year to 3 years	35,233,715	915,623	(680,226)
– More than 3 years	37,824,239	850,878	(948,887)
	627,939,908	7,683,934	(7,426,206)
<u>Interest rate derivatives</u>			
Interest rate swaps	390,444,647	3,180,687	(2,666,625)
– Less than 1 year	135,607,771	246,056	(234,571)
– 1 year to 3 years	128,331,197	791,777	(786,651)
– More than 3 years	126,505,679	2,142,854	(1,645,403)
Interest rate futures	10,776,877	5,097	(11,590)
– Less than 1 year	4,985,334	4,451	(10,773)
– 1 year to 3 years	3,916,583	646	(231)
– More than 3 years	1,874,960	–	(586)
Interest rate options	573,385	–	(4)
– Less than 1 year	573,385	–	(4)
	401,794,909	3,185,784	(2,678,219)



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for the financial year ended 31 December 2022

8 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Principal amount RM'000	The Group Fair values	
		Assets RM'000	Liabilities RM'000
2021			
Trading derivatives (Continued)			
<u>Equity related derivatives</u>			
Equity futures	6,635	25	(1)
– Less than 1 year	6,635	25	(1)
Index futures	86,994	949	(344)
– Less than 1 year	86,994	949	(344)
Equity options	3,573,508	239,628	(97,392)
– Less than 1 year	3,341,932	234,979	(88,474)
– 1 year to 3 years	141,574	2,445	(6,714)
– More than 3 years	90,002	2,204	(2,204)
Equity swaps	318,757	4,168	(37,814)
– Less than 1 year	11,742	–	(228)
– 1 year to 3 years	214,663	4,029	(37,586)
– More than 3 years	92,352	139	–
	3,985,894	244,770	(135,551)
<u>Commodity related derivatives</u>			
Commodity options	8,351,321	146,506	(153,068)
– Less than 1 year	8,351,321	146,506	(153,068)
Commodity swaps	845,600	46,861	(52,785)
– Less than 1 year	818,500	45,692	(51,124)
– 1 year to 3 years	27,100	1,169	(1,661)
Commodity futures	379,825	15,422	(6,619)
– Less than 1 year	379,825	15,422	(6,619)
	9,576,746	208,789	(212,472)
<u>Credit related contract</u>			
Credit default swaps	3,564,557	47,678	(35,529)
– Less than 1 year	338,534	799	(12)
– 1 year to 3 years	143,061	1,969	(503)
– More than 3 years	3,082,962	44,910	(35,014)
Total return swaps	20,500	–	(1,248)
– More than 3 years	20,500	–	(1,248)
	3,585,057	47,678	(36,777)

Notes to the Financial Statements

for the financial year ended 31 December 2022

8 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Principal amount RM'000	The Group	
		Fair values	
		Assets RM'000	Liabilities RM'000
2021			
Trading derivatives (Continued)			
Bond contract			
Bond forward	3,033,180	164,834	(115,204)
– Less than 1 year	1,178,155	23,382	(92,431)
– 1 year to 3 years	1,262,148	99,231	(18,664)
– More than 3 years	592,877	42,221	(4,109)
Hedging derivatives			
Interest rate swaps	30,246,111	333,317	(248,412)
– Less than 1 year	7,540,968	72,435	(24,417)
– 1 year to 3 years	6,422,345	60,052	(49,702)
– More than 3 years	16,282,798	200,830	(174,293)
Currency swaps	4,543,474	43,058	(8,797)
– Less than 1 year	4,543,474	43,058	(8,797)
Cross currency interest rate swaps	3,375,973	77,433	(33,817)
– Less than 1 year	104,740	6,583	(894)
– 1 year to 3 years	1,416,719	55,693	(4,033)
– More than 3 years	1,854,514	15,157	(28,890)
	38,165,558	453,808	(291,026)
Total derivative assets/(liabilities)	1,088,081,252	11,989,597	(10,895,455)

(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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for the financial year ended 31 December 2022

8 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 uses cross currency swaps and interest rate swaps to hedge the foreign currency risks (mainly USD) from floating rate inter branch lending denominated in USD. The foreign currency risk component is managed and mitigated by the use of cross currency swaps, which exchange floating rate payments in USD for floating rate payments in MYR and it is determined as the change in cash flows of the USD inter branch lending arising solely from changes in USD.

The effectiveness is assessed by comparing the changes in fair value of the 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 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 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 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 Group assesses effectiveness by comparing past changes in the carrying amount of the 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 profit and loss account 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. 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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

8 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group uses the following items as hedging instruments:

			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	-	-	-

			The Group				
			Maturity				
31 December 2021	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	103,333	1,613,074	4,573,713	15,219,149	7,437,627
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value & cash flow hedge	-	-	83,792	3,229,880	117,309
Bonds and debentures	Foreign currency	Net investment hedge	-	1,250,850	-	-	-
Currency swaps	Foreign currency	Net investment hedge	1,558,112	1,342,925	1,642,437	-	-
Deposits and placement of bank and other financial institutions*	Foreign currency	Net investment hedge	-	14,868	-	-	-
Deposit from customers*	Foreign currency	Net investment hedge	-	-	603,201	-	-

* 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 2022	31 December 2021
HKD:MYR	0.536	0.536
GBP:MYR	5.130	5.808
SGD:MYR	3.173	3.120
USD:MYR	4.320	4.219
USD:THB	32.696	32.560

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

	31 December 2022	31 December 2021
HKD interest rates	0.92%	0.92%
MYR Interest rates	3.52%	3.48%
SGD interest rates	1.27%	1.27%
USD interest rates	2.12%	2.28%
THB interest rates	2.33%	2.54%
IDR interest rates	6.25%	7.55%
AUD interest rates	3.22%	-
EUR interest rates	0.28%	-
JPY interest rates	0.07%	-
NZD interest rates	4.41%	-



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8 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

			The Group							
			Nominal amount RM'000	Fair values*		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	National amount directly impacted by IBOR reform RM'000
				Assets RM'000	Liabilities RM'000					
31 December 2022										
Interest rate swaps	Interest rate	Fair value & cash flow hedge	36,184,205	900,845	(390,414)	335,305	31,837	2,297	63	21,392,330
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 RM21,392,330,000 nominal amount of interest rates swaps above,

RM19,659,200,000 related to MYR interest rate swaps and RM1,841,800,000 will mature before the anticipated MYR KLIBOR replacement in 2023

RM29,840,000 related to AUD interest rate swaps, RM Nil will mature before the anticipated AUD LIBOR replacement in 2023;

RM654,639,000 related to SGD interest rate swaps and RM Nil will mature before the anticipated SGD SOR replacement in 2023;

RM682,131,000 related to USD interest rate swaps and RM470,987,000 will mature before the anticipated USD LIBOR replacement in 2023;

RM366,520,000 related to IDR interest rate swaps and RM Nil will mature before the anticipated IDR JIBOR replacement in 2023

Of the RM3,405,249,000 nominal amount of cross currency interest rate swaps above,

RM888,494,000 related to HKD cross currency interest rate swaps and RM Nil will mature before the anticipated USD LIBOR replacement in 2023;

RM2,516,755,000 related to USD/THB cross currency interest rate swaps and RM441,210,000 will mature before the anticipated USD LIBOR replacement in 2023.

			The Group							
			Nominal amount RM'000	Fair values*		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	National amount directly impacted by IBOR reform RM'000
				Assets RM'000	Liabilities RM'000					
31 December 2021										
Interest rate swaps	Interest rate	Fair value & cash flow	28,946,896	335,654	(239,718)	176,422	3,358	(3,878)	-	24,874,801
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value & cash flow hedge	3,430,981	92,787	7,289	(13,339)	1,848	(17,427)	4,122	3,430,981
Currency forward	Foreign currency	Cash flow hedge	-	-	-	-	(230)	230	(230)	-
Bonds and debentures	Foreign currency	Net investment hedge	1,250,850	-	-	(46,426)	-	46,426	-	-
Currency swaps	Foreign currency	Net investment hedge	4,543,473	43,943	(8,797)	(81,050)	-	81,050	-	-
Deposits and placement of bank and other financial institutions	Foreign currency	Net investment hedge	14,868	-	-	(1,261)	-	1,261	-	-
Deposit from customers	Foreign currency	Net investment hedge	603,202	-	-	(51,346)	-	51,346	-	-

Of the RM24,874,801,000 nominal amount of MYR interest rate swaps above,

RM19,631,638,000 related to MYR interest rate swaps and RM3,776,038,000 will mature before the anticipated MYR KLIBOR replacement in 2022;

RM951,824,000 related to SGD interest rate swaps and RM88,775,000 will mature before the anticipated SGD SOR replacement in 2022;

RM3,984,201,000 related to USD interest rate swaps and RM1,733,985,000 will mature before the anticipated USD LIBOR replacement in 2022;

RM307,138,000 related to THB interest rate swaps and RM Nil will mature before the anticipated USD LIBOR replacement in 2022.

Of the RM3,430,981,000 nominal amount of cross currency interest rate swaps above,

RM843,885,000 related to HKD cross currency interest rate swaps and RM Nil will mature before the anticipated USD LIBOR replacement in 2022;

RM2,587,096,000 related to USD/THB cross currency interest rate swaps and RM Nil will mature before the anticipated USD LIBOR replacement in 2022;

Notes to the Financial Statements

for the financial year ended 31 December 2022

8 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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. However, the amounts presented here is netted off with the partial unwind interest rate swaps but the disclosure in Note 8 are presented on gross basis.

** 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.

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

31 December 2022			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	Balance remaining in the hedge reserve from which hedge accounting is no longer applied
			Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	RM'000	RM'000	RM'000
Hedge Items	Risk	Hedge Type							
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	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)
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)
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 2022

8 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
Hedge Items	Risk	Hedge Type	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000				
Loans, advances and financing	Interest rate & foreign currency	Fair value & cash flow hedge	1,334,060	-	1,654	(26,434)	(36,970)	33	(15,730)	-
Deposits and placement of bank and other financial institutions	Interest rate	Fair value hedge	-	-	-	-	347	-	-	-
Recourse obligation on loans and financing sold to Cagamas	Interest rate	Fair value hedge	-	(837,796)	-	(38,805)	32,295	-	-	-
Subordinated obligations	Interest rate	Fair value & cash flow hedge	-	(6,505,052)	18,566	(26,313)	66,530	-	5,230	-
Bonds, Sukuk and debentures	Interest rate & foreign currency	Fair value & cash flow hedge	-	(6,032,595)	17,504	(92,202)	148,255	97	10,706	-
Debt instruments at amortised cost	Interest rate	Fair value hedge	50,963	-	-	(111)	(111)	-	-	-
Debt instruments at fair value through other comprehensive income	Interest rate	Fair value hedge	15,698,643	-	182,218	(109,966)	(385,134)	2,753	-	-
GBP net investment	Foreign currency	Net investment hedge	-	-	-	-	3,811	-	4,337	-
HKD net investment	Foreign currency	Net investment hedge	-	-	-	-	2,517	-	28,022	28,022
SGD net investment	Foreign currency	Net investment hedge	-	-	-	-	20,316	-	218,462	-
USD net investment	Foreign currency	Net investment hedge	-	-	-	-	153,439	-	1,054,232	467,272

Notes to the Financial Statements

for the financial year ended 31 December 2022

8 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	
	Net investment hedge RM'000	Cash flows hedge RM'000
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
At 1 January 2021	(1,014,444)	6,584
Effective portion of changes in fair value:		
– Interest rate risk	–	(3,878)
– Interest rate/USD foreign currency risk	–	(12,627)
– Interest rate/MYR foreign currency risk	–	1,811
Net amount reclassified to profit or loss:	–	(3,892)
Net gain on hedge of net investment in foreign operations:	(180,083)	–
Cost of hedging	41,088	22,890
Income tax effects	–	(983)
Exchange fluctuation	–	(1,517)
Disposal of a joint venture	1,747	–
Share of joint venture	(1,817)	–
Share of associate	410	–
At 31 December 2021	(1,153,099)	8,388



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for the financial year ended 31 December 2022

9 LOANS, ADVANCES AND FINANCING

(I) BY TYPE:

	The Group	
	2022 RM'000	2021 RM'000
At amortised cost		
Overdrafts	4,941,495	4,745,193
Term loans/financing		
– Housing loans/financing	131,209,391	121,680,843
– Syndicated term loans	21,904,930	17,205,940
– Hire purchase receivables	26,064,935	24,098,907
– Lease receivables	217,887	149,074
– Factoring receivables	193,113	108,698
– Other term loans/financing	154,908,116	150,407,952
Bills receivable	6,761,901	6,884,735
Trust receipts	2,683,230	2,701,349
Claims on customers under acceptance credits	4,105,031	3,463,342
Staff loans [of which RM2,970,659 (2021: RM3,062,694) are loans to Directors (including Directors of subsidiaries)]	1,761,101	1,710,211
Credit card receivables	9,334,399	8,379,069
Revolving credits	42,813,681	36,075,522
Share margin financing	50,346	63,946
Gross loans, advances and financing at amortised cost	406,949,556	377,674,781
Fair value changes arising from fair value hedge	(99,907)	(24,781)
	406,849,649	377,650,000
Less:		
– Expected credit losses	(12,400,021)	(13,323,081)
Net loans, advances and financing at amortised cost	394,449,628	364,326,919
At fair value through profit or loss		
Term loans/financing		
– Syndicated term loan	107,552	357,853
Gross loans, advances and financing at fair value through profit or loss	107,552	357,853
Total net loans, advances and financing	394,557,180	364,684,772
Total gross loans, advances and financing:		
– At amortised cost	406,949,556	377,674,781
– At fair value through profit or loss	107,552	357,853
	407,057,108	378,032,634

Notes to the Financial Statements

for the financial year ended 31 December 2022

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(I) BY TYPE: (CONTINUED)

- (a) Included in the Group's loans, advances and financing balances are RM21,919,000 (2021: RM23,684,000) 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 a fair value hedge on the interest rate risk of RM1,786,866,000 (2021: RM1,353,719,000) loans, advances and financing using interest rate swaps.
- (c) Included in the loans, advances and financing of the Group at 31 December 2022 is financing which is disclosed as "Restricted Agency Investment Account" ("RAIA") in the financial statements of CIMB Islamic amounting to RM11,280,429,000 (2021: RM10,248,755,000). 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	
	2022 RM'000	2021 RM'000
Domestic banking financial institutions	353,649	331,689
Domestic non-bank financial institutions		
– Stockbroking companies	390,700	8,005
– Others	5,931,557	5,757,202
Domestic business enterprises		
– Small medium enterprises	52,961,537	50,591,611
– Others	63,842,297	61,916,846
Government and statutory bodies	11,813,303	10,043,045
Individuals	214,310,312	199,982,760
Other domestic entities	15,980,825	11,877,650
Foreign entities	41,472,928	37,523,826
Gross loans, advances and financing	407,057,108	378,032,634



Notes to the Financial Statements

for the financial year ended 31 December 2022

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(III) BY INTEREST/PROFIT RATE SENSITIVITY:

	The Group	
	2022 RM'000	2021 RM'000
Fixed rate		
– Housing loans	6,748,169	5,318,245
– Hire-purchase receivables	19,711,850	18,920,957
– Other fixed rate loans	50,868,798	43,301,652
Variable rate		
– BLR plus/BFR plus	122,277,864	125,868,417
– Cost plus	57,474,041	49,707,733
– Other variable rates	149,976,386	134,915,630
Gross loans, advances and financing	407,057,108	378,032,634

(IV) BY ECONOMIC PURPOSES:

	The Group	
	2022 RM'000	2021 RM'000
Personal use	21,261,070	22,018,829
Credit card	9,334,399	8,379,069
Purchase of consumer durables	671,284	242,000
Construction	12,851,633	14,039,720
Residential property (Housing)	132,022,436	122,156,586
Non-residential property	34,488,187	31,956,554
Purchase of fixed assets other than land and building	15,231,052	12,641,424
Mergers and acquisitions	2,301,167	3,164,943
Purchase of securities	22,653,271	23,610,624
Purchase of transport vehicles	26,262,111	24,085,306
Working capital	99,188,624	85,909,439
Other purpose	30,791,874	29,828,140
Gross loans, advances and financing	407,057,108	378,032,634

Notes to the Financial Statements

for the financial year ended 31 December 2022

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

(V) BY GEOGRAPHICAL DISTRIBUTION:

	The Group	
	2022 RM'000	2021 RM'000
Malaysia	253,322,993	238,014,490
Indonesia	60,073,967	56,576,930
Thailand	33,022,208	30,727,520
Singapore	37,060,832	33,079,131
United Kingdom	4,667,221	3,799,797
Hong Kong	1,516,160	1,309,610
China	3,325,093	3,310,490
Other countries	14,068,634	11,214,666
Gross loans, advances and financing	407,057,108	378,032,634

(VI) BY RESIDUAL CONTRACTUAL MATURITY:

	The Group	
	2022 RM'000	2021 RM'000
Within one year	88,412,486	87,723,465
One year to less than three years	30,915,249	24,148,032
Three years to less than five years	43,465,298	36,701,434
Five years and more	244,264,075	229,459,703
Gross loans, advances and financing	407,057,108	378,032,634



Notes to the Financial Statements

for the financial year ended 31 December 2022

9 LOANS, ADVANCES AND FINANCING (CONTINUED) (VII) BY ECONOMIC SECTOR

	The Group	
	2022 RM'000	2021 RM'000
Primary agriculture	11,487,021	10,138,258
Mining and quarrying	4,826,294	4,768,308
Manufacturing	29,975,693	27,183,545
Electricity, gas and water supply	5,835,764	6,435,297
Construction	13,109,378	12,740,224
Transport, storage and communications	14,003,587	11,374,141
Education, health and others	19,456,379	18,447,390
Wholesale and retail trade, and restaurants and hotels	32,946,738	32,730,035
Finance, insurance/takaful, real estate and business activities	51,280,780	45,592,524
Household	201,360,134	188,211,528
Others	22,775,340	20,411,384
Gross loans, advances and financing	407,057,108	378,032,634

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

	The Group	
	2022 RM'000	2021 RM'000
Personal use	515,312	444,434
Credit card	176,297	210,939
Purchase of consumer durables	2,005	2,490
Construction	392,766	1,464,882
Residential property (Housing)	3,104,913	1,791,582
Non-residential property	708,347	579,525
Purchase of fixed assets other than land and building	1,105,457	1,217,569
Mergers and acquisitions	-	308,533
Purchase of securities	53,934	185,663
Purchase of transport vehicles	313,452	285,425
Working capital	6,156,858	6,162,103
Other purpose	791,558	639,390
Gross credit impaired loans, advances and financing	13,320,899	13,292,535

Notes to the Financial Statements

for the financial year ended 31 December 2022

9 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	The Group	
	2022 RM'000	2021 RM'000
Malaysia	5,308,929	5,060,265
Indonesia	5,006,066	4,652,460
Thailand	1,321,615	1,288,608
Singapore	736,184	1,515,551
United Kingdom	8,700	7,658
Hong Kong	142,284	9
China	4,546	5,429
Other countries	792,575	762,555
Gross credit impaired loans, advances and financing	13,320,899	13,292,535

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

	The Group	
	2022 RM'000	2021 RM'000
Primary agriculture	171,606	139,674
Mining and quarrying	1,177,565	1,418,398
Manufacturing	1,999,683	1,280,355
Electricity, gas and water supply	111	250,530
Construction	206,583	249,330
Transport, storage and communications	792,157	1,637,326
Education, health and others	173,114	207,436
Wholesale and retail trade, and restaurants and hotels	2,363,447	3,167,724
Finance, insurance/takaful, real estate and business activities	1,043,193	1,079,208
Household	3,982,303	2,489,810
Others	1,411,137	1,372,744
Gross credit impaired loans, advances and financing	13,320,899	13,292,535



Notes to the Financial Statements

for the financial year ended 31 December 2022

9 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 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

Notes to the Financial Statements

for the financial year ended 31 December 2022

9 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 2021	2,284,597	2,789,443	6,857,633	3,259	11,934,932
Changes in expected credit losses due to transfer within stages:	847,790	(1,493,530)	645,740	-	-
Transferred to Stage 1	1,782,005	(1,644,562)	(137,443)	-	-
Transferred to Stage 2	(921,438)	1,862,332	(940,894)	-	-
Transferred to Stage 3	(12,777)	(1,711,300)	1,724,077	-	-
Total charge to Statement of Income:	(1,612,815)	2,391,331	2,490,054	-	3,268,570
New financial assets originated	744,572	489,262	102,212	-	1,336,046
Financial assets that have been derecognised	(457,468)	(636,753)	-	-	(1,094,221)
Writeback in respect of full recoveries	-	-	(201,055)	-	(201,055)
Change in credit risk	(1,899,919)	2,538,822	2,588,897	-	3,227,800
Write-offs	(1,181)	(1,223)	(1,665,621)	-	(1,668,025)
Disposal of loans, advances and financing	(540)	(390)	(749,022)	-	(749,952)
Exchange fluctuation	10,496	21,528	82,010	(213)	113,821
Other movements	6,170	355,894	61,671	-	423,735
At 31 December 2021	1,534,517	4,063,053	7,722,465	3,046	13,323,081



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for the financial year ended 31 December 2022

9 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 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
At 1 January 2021	13,019,243	7,816	13,027,059
Transfer within stages	3,523,772	-	3,523,772
New financial assets originated	292,748	-	292,748
Write-offs	(1,668,494)	-	(1,668,494)
Amount fully recovered	(783,341)	-	(783,341)
Other changes in loans, advances and financing	(153,527)	(49)	(153,576)
Disposal of loans, advances and financing	(1,033,755)	-	(1,033,755)
Exchange fluctuation	88,632	(510)	88,122
At 31 December 2021	13,285,278	7,257	13,292,535

	The Group	
	2022	2021
Ratio of credit impaired loans to total gross loans, advances and financing	3.27%	3.52%

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for the financial year ended 31 December 2022

9 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

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.

2021:

Stage 1 ECL decreased by RM750 million as a result of RM175,667 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 increased by RM1,274 million as a result of RM69,453 million of loans, advances/financing migrating into Stage 2 and additional disbursement, offset by 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.

Stage 3 ECL increased by RM865 million as a result of RM7,889 million of loans, advances/financing that were transferred into Stage 3 due to credit quality deterioration, offset by loans, advances/financing that were fully repaid, having movement in the existing account balances during the financial year, and transferred to Stage 1 or Stage 2. Changes in Stage 3 ECL is also due to loans, advances/financing which ECL mostly fully provided for that were written off during the financial year.

Total ECL movements in 2021 is also affected by the increased overlay provisions on certain exposures under the targeted repayment assistance segment as well as vulnerable sectors which are deemed higher risk, as disclosed in Note 57.1.7.

The amount of loans, advances and financing whose cash flows were modified of the Group during the financial year was RM49,845,995,000.



Notes to the Financial Statements

for the financial year ended 31 December 2022

10 OTHER ASSETS

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Due from brokers		10,377	146,389	-	-
Other debtors net of expected credit losses of RM701,401,000 (2021: RM522,551,000), deposits and prepayments	(a)	3,390,389	3,155,487	83,364	84,101
Settlement accounts		1,242,400	442,105	-	-
Treasury related receivables		2,027,697	1,702,413	-	-
Structured financing		553,415	601,812	-	-
Foreclosed assets net of allowance for impairment losses of RM73,312,000 (2021: RM63,307,000)	(b)	210,116	188,909	-	-
Collateral pledged for derivative transactions		3,269,533	2,897,982	-	-
Due from joint ventures	(c)	2,897,175	2,120,975	-	-
		13,601,102	11,256,072	83,364	84,101

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

(i) Under simplified approach

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	131,887	154,160
Recoveries	-	(1)
Expected credit losses made during the financial year	54,693	1,228
Write off	(16,693)	(12,777)
Exchange fluctuation	(13,845)	(10,723)
At 31 December	156,042	131,887

Notes to the Financial Statements

for the financial year ended 31 December 2022

10 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 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
At 1 January 2021	–	73,434	253,736	327,170
Total charge to Statement of Income:	–	3,353	136,928	140,281
Writeback in respect of full recoveries	–	–	(143,942)	(143,942)
Change in credit risk	–	3,353	280,870	284,223
Other movements	–	(76,787)	–	(76,787)
At 31 December 2021	–	–	390,664	390,664

Included in the ECL provided in financial year ended 31 December 2022 and 31 December 2021 under general approach is related to settlement of debit card balances. See Note 52.1 (b).



Notes to the Financial Statements

for the financial year ended 31 December 2022

10 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 2022	421,871
Transfer within stages	223,973
Amount recovered	(125,825)
At 31 December 2022	520,019
At 1 January 2021	253,736
Transfer within stages	312,077
Amount recovered	(143,942)
At 31 December 2021	421,871

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

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.

2021:

Stage 2 ECL decreased by RM73 million during the financial year due to restructured of trade receivables to loans, advance and financing during the financial year.

Stage 3 ECL increased by RM137 million during the financial year due to GCA transferred from Stage 2 to Stage 3 and offset by amount recovered during the financial year.

Notes to the Financial Statements

for the financial year ended 31 December 2022

10 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 2022. 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	
	2022 RM'000	2021 RM'000
At 1 January	63,307	64,096
Net allowance made during the financial year	95,988	119,012
Recoveries	(1,202)	(9,938)
Disposal during the financial year	(83,872)	(120,822)
Exchange fluctuation	(909)	10,959
At 31 December	73,312	63,307

- (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.

11 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	1,910,929	1,670,475	-	-
Deferred tax liabilities	(44,852)	(44,149)	(3)	(227)
	1,866,077	1,626,326	(3)	(227)



Notes to the Financial Statements

for the financial year ended 31 December 2022

11 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets (before offsetting)				
Expected credit losses	1,061,013	972,932	-	-
Fair value reserve – Debt instruments at fair value through other comprehensive income	350,953	148,176	-	-
Unutilised tax losses	13,093	13,626	-	-
Post employment benefits obligations	87,623	87,315	-	-
Provision for expenses	455,809	504,016	-	-
EOP reserves	3,223	10,018	-	-
Lease liabilities	77,216	99,969	-	-
Other temporary differences	86,706	79,660	-	-
Unutilised capital allowance	233	4,266	-	-
	2,135,869	1,919,978	-	-
Offsetting	(224,940)	(249,503)	-	-
Deferred tax assets (after offsetting)	1,910,929	1,670,475	-	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(159,107)	(151,318)	(3)	(227)
Right-of-use assets	(54,135)	(84,173)	-	-
Fair value reserve – Equity instruments at fair value through other comprehensive income	(37,872)	(37,856)	-	-
Intangible assets	(17,726)	(17,761)	-	-
Cash flow hedge	(952)	(2,544)	-	-
	(269,792)	(293,652)	(3)	(227)
Offsetting	224,940	249,503	-	-
Deferred tax liabilities (after offsetting)	(44,852)	(44,149)	(3)	(227)

Notes to the Financial Statements

for the financial year ended 31 December 2022

11 DEFERRED TAXATION (CONTINUED)

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

The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Fair value reserve		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
				Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income 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	44	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
At 1 January 2021		872,125	(76,646)	(79,743)	(32,897)	(117,252)	(244)	(32,597)	258,807	(1,940)	84,772	128,791	1,003,176
Credited/(charged) to statements of income	44	132,385	(22,416)	(1,783)	-	35,367	73,746	8,186	239,607	-	5,881	(32,408)	438,565
(Under)/over provision in prior year		(35,273)	(50,446)	-	-	(2,719)	31,487	6,650	3,937	-	34	3,973	(42,357)
Transferred to equity		-	-	238,816	(4,979)	-	-	-	-	(983)	(1,043)	-	231,811
Exchange difference		3,695	(1,810)	(9,114)	20	431	2,581	-	1,665	379	(2,329)	(387)	(4,869)
At 31 December 2021		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



Notes to the Financial Statements

for the financial year ended 31 December 2022

11 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 2022		(227)	(227)
Charged to statements of income	44	224	224
At 31 December 2022		(3)	(3)
At 1 January 2021		(374)	(374)
Charged to statements of income	44	147	147
At 31 December 2021		(227)	(227)

12 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.

13 INVESTMENT IN SUBSIDIARIES

		The Company	
	Note	2022 RM'000	2021 RM'000
Ordinary shares	(i)	15,401,834	13,663,501
Redeemable preference shares*		19,183,781	19,183,781
		34,585,615	32,847,282
Capital contribution to subsidiaries@		87,817	33,487
		34,673,432	32,880,769
Less: Allowance for impairment loss of a subsidiary		(6,813)	(6,813)
		34,666,619	32,873,956

* Classified as cost of investment in subsidiaries due to the terms of the instruments

@ 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 2022, capital injection was made to CIMB Group Sdn Bhd amounted to RM2,237,719,000 (2021: RM371,894,000).

Notes to the Financial Statements

for the financial year ended 31 December 2022

13 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	
			2022 %	2021 %
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		Indirectly by the Company	
			2022 %	2021 %	2022 %	2021 %
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	-	85.8	100.0	14.2

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. At Company level, a disposal gain has been recognised as disclosed in Note 39.



Notes to the Financial Statements

for the financial year ended 31 December 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

The subsidiaries held through CIMB Berhad are:

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held			
			Directly by CIMB Berhad		Indirectly by the Company's subsidiary	
			2022 %	2021 %	2022 %	2021 %
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:

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held			
			Directly by CIMBG		Through CIMBG's subsidiary company	
			2022 %	2021 %	2022 %	2021 %
CIMB Bank Berhad ("CIMB Bank")	Commercial banking and related financial services	Malaysia	100	99.9	-	-
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	99.99	-	0.01	100
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	-	-
CIMB-Mapletree Management Sdn. Bhd.^	Real estate fund management	Malaysia	-	-	-	60
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	-	-

Notes to the Financial Statements

for the financial year ended 31 December 2022

13 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		Through CIMBG's subsidiary company	
			2022 %	2021 %	2022 %	2021 %
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	100	-	-	-

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

^ Disposed/striking off/liquidated during the financial year

^^ Under disposal/strike off/liquidation process

~ Not being audited

* Turned from associate to subsidiary with effect from 14 September 2022, following the acquisition of the remaining 51% equity interest. For details, refer Note 52.1(i).

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		Through CIMB Investment Bank's subsidiary company	
			2022 %	2021 %	2022 %	2021 %
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 Nominees (Tempatan) Sdn. Bhd.^	Nominee services	Malaysia	-	100	-	-
CIMB Nominees (Asing) Sdn. Bhd.^	Nominee services	Malaysia	-	100	-	-
CIMB Commerce Trustee Berhad	Trustee services	Malaysia	-	-	20	20
CIMB Islamic Trustee Berhad	Trustee services	Malaysia	-	-	20	20



Notes to the Financial Statements

for the financial year ended 31 December 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (Continued):

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

Name of Subsidiary	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held			
			Directly by CIMB Bank		Through CIMB Bank's subsidiary company	
			2022 %	2021 %	2022 %	2021 %
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

Notes to the Financial Statements

for the financial year ended 31 December 2022

13 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		Through CIMB Bank's subsidiary company	
			2022 %	2021 %	2022 %	2021 %
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, the 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

^ Disposed/striking off/liquidated during the financial year

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		Through CIMB Niaga's subsidiary	
			2022 %	2021 %	2022 %	2021 %
PT CIMB Auto Finance +	Financing services	Indonesia	83.3	99.9	-	-
PT CIMB Niaga Sekuritas#	Capital market business	Indonesia	94.8	94.8	5.2	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	
			2022 %	2021 %
CT Coll Co. Ltd.+^	Services of debt collection and debt restructuring	Thailand	-	99.9
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

+ 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



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13 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	
	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
CIMB Thai Bank Public Company Limited Group (Incorporated in the Kingdom of Thailand)	5.2	5.2	20,088	13,817	292,170	275,668
PT Bank CIMB Niaga Tbk Group (Incorporated in the Republic of Indonesia)	7.5	7.5	100,887	90,873	789,080 ^β	756,695 ^β
TnG Group	–	–	–	(5,538)*	–	–*
Individually immaterial subsidiaries with non-controlling interests					11,397	13,122
					1,092,647	1,045,485

* The loss allocated to non-controlling interest and accumulated non-controlling interest arises from a subsidiary held through TnG, namely TNG Digital ("TNGD"). The interest and voting rights held by non-controlling interest in TNGD is 49%. On 27 January 2021, TNGD diluted from 51% to approximately 47%, and subsequently reduced to 45% in November 2021. Consequently, TNGD ceased to be a subsidiary of TnG and indirect subsidiary of the Group.

^β Inclusive of shares purchased arising from employee benefit scheme of RM85 million.

Notes to the Financial Statements

for the financial year ended 31 December 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

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		TnG Group [#]	
(RM'000)	2022	2021	2022	2021	2022	2021
Total assets	62,960,383	49,828,149	85,298,246	89,600,993	-	-
Total liabilities	(57,208,562)	(44,477,978)	(73,741,122)	(78,012,612)	-	-
Net assets	5,751,821	5,350,171	11,557,124	11,588,381	-	-
Equity attributable to owners of the Company	(5,751,821)	(5,350,171)	(11,533,340)	(11,585,100)	-	-
Non-controlling interests ("NCI")	-	-	(23,784)	(3,281)	-	-
Revenue	1,662,276	1,722,202	5,504,369	5,020,355	-	2,450
Profit before taxation	487,803	308,508	2,017,875	1,533,092	-	(11,303)
Taxation	(99,249)	(41,249)	(439,373)	(328,783)	-	-
Other comprehensive income/(expense)	53,476	(489,693)	(919,566)	74,168	-	-
Total comprehensive income/(expense)	442,030	(222,434)	658,936	1,278,477	-	(11,303)
Net cash generated from/(used in) operating activities	5,033,934	2,142,284	(4,661,827)	8,668,000	-	-
Net cash (used in)/generated from investing activities	(3,913,789)	(1,614,599)	1,690,095	(2,643,683)	-	-
Net cash used in financing activities	(807,110)	(419,483)	(1,392,347)	(543,175)	-	-
Net increase/(decrease) in cash and cash equivalents	313,035	108,202	(4,364,079)	5,481,142	-	-
Profit/(loss) allocated to NCI of the Group	20,088	13,817	100,887	90,873	-	(5,538)
Dividends paid to NCI of the Group	2,282	1,186	47,743	23,419	-	-

[#] The financial information presented is up to the date TNGD ceased to be a subsidiary of TnG.



Notes to the Financial Statements

for the financial year ended 31 December 2022

14 INVESTMENT IN ASSOCIATES

		The Group	
	Note	2022 RM'000	2021 RM'000
At 1 January		770,801	45,306
Share of results for the financial year		66,261	3,795
Additional investment in associates	15(b)(iv)	9,102	761,100
Share of other comprehensive income for the financial year		8,713	162
Reclassification to non-current assets held for sale	55	(757,115)	–
Dividend payment		(36,250)	–
Profit distribution		(19,726)	(39,562)
At 31 December		41,786	770,801

(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 Real Estate Sdn Bhd are:

Name of Associate	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held	
			2022 %	2021 %
CMREF 1 Sdn. Bhd.^	Investment holding	Malaysia	–	24.9
Project Asia City Sdn. Bhd.^	Property investment and management	Malaysia	–	24.9

^ Liquidated during the financial year

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

Name of Associates	Principal activities	Country of Incorporation/ Principal Place of Business	Percentage of equity held	
			2022 %	2021 %
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
AlGF Sponsor LP	Investment holding	Cayman Island	26.3	26.3

Notes to the Financial Statements

for the financial year ended 31 December 2022

14 INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Information about associates (Continued):

The associates held through CIMBG are:

Name of Associates	Principal activities	Country of Incorporation/ Principal Place of Business	2022 %	2021 %
CGS-CIMB Securities International Pte. Ltd.®	Investment holding	Singapore	-	25.01
CGS-CIMB Securities (Singapore) Pte. Ltd.®	Stock and sharebroking	Singapore	-	25.01
CGS-CIMB Securities (UK) Ltd.®	Securities related business	United Kingdom	-	25.01
CGS-CIMB Securities (USA) Inc.®	Securities related business	United States of America	-	25.01
PT CGS-CIMB Sekuritas Indonesia®	Stockbroking	Indonesia	-	25.01
PT CGS-Konsultan Manajemen®	Management consultant	Indonesia	-	25.01
PT CGS-CIMB Futures Indonesia®	Futures broking	Indonesia	-	25.01
CGS-CIMB Capital Pte Ltd®	Providing financing services	Singapore	-	25.01
CGS-CIMB Securities (Hong Kong) Limited®	Securities broking, dealing and trading	Hong Kong	-	25.01
CGS-CIMB Securities (India) Private Limited®	Stock and share broking	India	-	25.01
CGS-CIMB Financial Services Pte. Ltd.® (formerly known as CGS-CIMB Research Pte. Ltd.)	Dormant	Singapore	-	25.01
CGS-CIMB Securities (Mauritius) Ltd.®	Investment dealing	Mauritius	-	25.01
CGS-CIMB Securities (Thailand) Co. Ltd.®	Stock and share broking	Thailand	-	25.01
CGS-CIMB Holdings Sdn Bhd®	Investment holding	Malaysia	-	25
CGS-CIMB Securities Sdn Bhd®	Securities and stock broking	Malaysia	-	25
CGS-CIMB Capital Sdn Bhd®	Money lending but not commence operations	Malaysia	-	25
CGS-CIMB Nominees (Tempatan) Sdn Bhd®	Nominee services	Malaysia	-	25
CGS-CIMB Nominees (Asing) Sdn Bhd®	Nominee services	Malaysia	-	25
CGS-CIMB Wealth Management Sdn Bhd® (formerly known as CGS-CIMB Research Sdn Bhd)	Provide services in areas of research in stocks, futures, options, and other financial instruments	Malaysia	-	25
CGS-CIMB Futures Sdn Bhd®	Futures broking	Malaysia	-	25
CIMB AI Labs Private Limited* (formerly known as Shining Star Solution and Services Private Limited)	Business support services	India	-	49

® Turned from associates to non-current assets held for sale during the year, refer Note 14(e).

* Turned subsidiary during the year. For details, refer Note 52.1(i).



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14 INVESTMENT IN ASSOCIATES (CONTINUED)

- (b) The summarised financial information below represents amounts shown in the material associate's financial statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	CGS-CIMB Securities International Pte. Ltd.		CGS-CIMB Holdings Group	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current assets	-	202,322	-	681,853
Current assets	-	11,805,318	-	2,674,144
Current liabilities (non-trade)	-	(8,456,788)	-	(1,617,593)
Non-current liabilities (non-trade)	-	(2,541,195)	-	(12,343)
Net assets	-	1,009,657	-	1,726,061
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	-	1,927,780	-	344,128
Revenue	-	51,139	-	17,762
Profit for the financial year	-	11,750	-	3,279
Other comprehensive income for the financial year	-	133	-	-
Total comprehensive income for the financial year	-	11,883	-	3,279
The above profit for the financial year includes the following:				
Interest income	-	38,819	-	7,884
Interest expense	-	(13,623)	-	(483)
Taxation	-	(7,708)	-	(615)

- (c) 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.		CGS-CIMB Holdings Group	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	1,335,727	-	1,726,061	-
Additions during the year	-	1,323,844	-	1,722,782
Profit for the financial year	73,464	11,750	24,772	3,279
Other comprehensive income	12,867	133	-	-
Dividend paid	-	-	(145,000)	-
Reclassification to non-current assets held for sale	(1,422,058)	-	(1,605,833)	-
Goodwill	-	1,335,727	-	1,726,061
	-	(326,070)	-	
At 31 December	-	1,009,657	-	1,726,061
Interest in associate (%)		25.01%		25.0%
Interest in associate	-	252,515	-	431,515
Goodwill	-	81,550	-	-
Carrying value	-	334,065	-	431,515

Notes to the Financial Statements

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14 INVESTMENT IN ASSOCIATES (CONTINUED)

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

	2022 RM'000	2021 RM'000
The Group's share of profit for the financial year	66,260	36
The Group's share of other comprehensive income for the financial year	8,713	129
The Group's share of total comprehensive income for the financial year	74,973	165
Aggregate carrying amount of the Group's interest in these associates	41,786	5,220

(e) 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"). 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. As of the date of the financial statements, certain regulatory approvals are still pending.

15 INVESTMENT IN JOINT VENTURES

		The Group	
	Note	2022 RM'000	2021 RM'000
At 1 January		2,181,345	2,451,217
Share of results for the financial year		(26,022)	64,223
Share of other comprehensive income/(expense) for the financial year		1,723	(6,882)
Acquisition of joint venture	b(v)	-	1,204,235
Additional investment in joint ventures	b(v)	326,868	48,593
Reclassification to associates		-	(761,789)
Disposal of joint ventures	b(iv)	-	(763,016)
Dividend payment		(60,000)	(59,880)
Dilution of interest arising from capital injection from other joint partners		1,307	4,644
At 31 December		2,425,221	2,181,345



Notes to the Financial Statements

for the financial year ended 31 December 2022

15 INVESTMENT IN JOINT VENTURES (CONTINUED)

(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	
			2022 %	2021 %
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
AlGF 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	45.0	45.2

Notes to the Financial Statements

for the financial year ended 31 December 2022

15 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.

(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 CGS-CIMB Holdings Sdn Bhd (the "Malaysia JV HoldCo") entered into a Share Subscription Agreement in connection with the subscription of new shares in the Malaysia JV Entity by CIMBG and CGI ("Proposed MY Share Subscription"). At completion, CIMBG and CGI will be 50:50 shareholders in Malaysia JV HoldCo.

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 joint venture 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.

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"), upon receiving relevant regulatory approvals. 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.



Notes to the Financial Statements

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15 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 an indirect subsidiary of the Group.

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 45.0%. 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 2022, 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 historical 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 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 16% (2021: 12%) in fair value has occurred.

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15 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		CGS-CIMB Securities International Pte. Ltd.		CGS-CIMB Holdings Group		TNG Digital Sdn Bhd	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current assets	3,173,198	2,394,156	485,488	491,413	-	-	-	-	104,944	104,138
Current assets	710,476	596,282	982,782	1,454,869	-	-	-	-	1,415,738	634,484
Current liabilities (non-trade)	(3,550,149)	(2,685,101)	(527,272)	(981,529)	-	-	-	-	(744,926)	(496,076)
Non-current liabilities (non-trade)	(7,714)	(3,024)	(8,784)	(16,086)	-	-	-	-	-	-
Net assets	325,811	302,313	932,214	948,667	-	-	-	-	775,756	242,546
The above amounts of assets and liabilities include the following:										
Cash and cash equivalents	13,741	1,932	404,796	554,137	-	-	-	-	1,305,299	566,714
Revenue	153,438	117,559	400,121	438,667	-	800,419	-	288,968	165,218	48,414
Profit/(loss) for the financial year	33,498	21,998	120,210	149,309	-	97,362*	-	61,921*	(207,743)	(190,590)#
Other comprehensive expense for the financial year	-	-	4,335	(6,541)	-	(8,533)	-	-	-	-
Total comprehensive income/(expense) for the financial year	33,498	21,998	124,545	142,768	-	88,829	-	61,921	(207,743)	(190,590)
The above profit/(loss) for the financial year include the following:										
Interest income	134,239	105,939	2,849	2,795	-	520,207	-	96,371	20,346	8,357
Interest expense	(58,662)	(38,994)	(314)	(579)	-	-	-	(6,394)	(211)	(258)
Taxation	(9,784)	(6,395)	(20,545)	(26,201)	-	(55,177)	-	(27,083)	-	-
Dividend received from joint ventures	5,000	-	56,400	54,000	-	-	-	-	-	-

* The financial information presented is up to the date of disposal of the JV

The financial information presented is from the date TNG Digital Sdn Bhd turned into JV



Notes to the Financial Statements

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15 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		CGS-CIMB Securities International Pte. Ltd.		CGS-CIMB Holdings Group		TNG Digital Sdn Bhd	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	302,313	280,315	2,255,754	2,247,986	-	1,235,014	-	1,566,691	2,477,213	-
Additions during the year	-	-	-	-	-	-	-	97,152	752,234	2,667,803
Profit/(loss) for the financial year	33,498	21,998	120,210	149,309	-	97,362	-	61,921	(207,743)	(190,590)
Other comprehensive expense	-	-	4,335	(6,541)	-	(8,533)	-	-	-	-
Dividend payment	(10,000)	-	(141,000)	(135,000)	-	-	-	-	-	-
Disposal	-	-	-	-	-	(661,657)	-	(864,374)	-	-
Change of classification from joint ventures to associates	-	-	-	-	-	(662,186)	-	(861,390)	-	-
	325,811	302,313	2,239,299	2,255,754	-	-	-	-	3,021,704	2,477,213
Fair value adjustments and effect of change from subsidiaries to joint ventures	-	-	(1,307,086)	(1,307,086)	-	-	-	-	(2,245,948)	(2,234,667)
At 31 December	325,811	302,313	932,213	948,668	-	-	-	-	775,756	242,546
Interest in joint venture (%)	50%	50%	40%	40%	-	-	-	-	45%	45%
Interest in joint venture	162,906	151,157	372,885	379,467	-	-	-	-	349,167	109,733
Goodwill	-	-	522,834	522,834	-	-	-	-	1,010,963	1,010,963
Carrying value	162,906	151,157	895,719	902,301	-	-	-	-	1,360,130	1,120,696

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

	2022 RM'000	2021 RM'000
The Group's share of profit for the financial year	2,650	81,682
The Group's share of other comprehensive expense for the financial year	(11)	(4,266)
The Group's share of total comprehensive income for the financial year	2,639	77,416
Aggregate carrying amount of the Group's interest in these joint ventures	6,466	7,191

Notes to the Financial Statements

for the financial year ended 31 December 2022

16 PROPERTY, PLANT AND EQUIPMENT

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	20	-	-	-	-	(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									
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



Notes to the Financial Statements

for the financial year ended 31 December 2022

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group 2021	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		258,460	1,344,072	61,736	12,380	2,233,798	1,010,483	69,129	4,990,058
Additions	-	-	1,732	-	-	287,664	75,332	2,843	367,571
Disposals/Written off		(5,548)	(21,225)	(8,060)	(7,595)	(514,231)	(75,076)	(11,203)	(642,938)
Transfer/reclassifications		7,752	18,354	(6,125)	-	(66,835)	46,854	-	-
Reclassified to intangible assets	20	-	-	-	-	(5,810)	1,299	-	(4,511)
Reclassified to non-current assets held for sale		(6,512)	(11,306)	(15,340)	(667)	-	-	-	(33,825)
Exchange fluctuation		(418)	(3,094)	423	-	16,528	(9,310)	(1,068)	3,061
At 31 December		253,734	1,328,533	32,634	4,118	1,951,114	1,049,582	59,701	4,679,416
Accumulated depreciation and impairment loss									
At 1 January		7,440	449,472	21,995	11,548	1,265,930	810,717	56,597	2,623,699
Charge for the financial year		-	38,942	1,350	125	137,000	93,718	5,137	276,272
Disposals/Written off		(2,225)	(21,615)	(1,655)	(7,334)	(154,046)	(72,721)	(9,535)	(269,131)
Transfer/reclassifications		-	1,626	(259)	-	(4,918)	2,772	779	-
Reclassified to intangible assets	20	-	-	-	-	(271)	-	-	(271)
Impairment charged for the financial year		-	1,556	-	-	227	-	-	1,783
Reclassified to non-current assets held for sale		-	(2,605)	(11,391)	(543)	(4)	-	-	(14,543)
Exchange fluctuation		(486)	(2,296)	126	-	3,815	(7,613)	(915)	(7,369)
At 31 December		4,729	465,080	10,166	3,796	1,247,733	826,873	52,063	2,610,440
Net book value at 31 December 2021		249,005	863,453	22,468	322	703,381	222,709	7,638	2,068,976

Work-in-progress amounted to RM324,277,541 (2021: RM217,127,040) for the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2022

16 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
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
2021					
Cost					
At 1 January	15,159	671	6	2,216	18,052
Reclassified to non-current assets held for sale	(14,709)	-	-	-	(14,709)
At 31 December	450	671	6	2,216	3,343
Accumulated depreciation					
At 1 January	11,147	556	6	1,770	13,479
Charge for the financial year	404	12	-	138	554
Reclassified to non-current assets held for sale	(11,103)	-	-	-	(11,103)
At 31 December	448	568	6	1,908	2,930
Net book value 31 December 2021	2	103	-	308	413



Notes to the Financial Statements

for the financial year ended 31 December 2022

17 RIGHT-OF-USE ASSETS

Carrying amount of Right-of-use assets by class of underlying assets are as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Buildings	520,546	575,731	-	-
Leasehold land	59,661	69,628	430	430
Computer equipment	19,645	33,605	-	-
Motor vehicles	550	618	-	-
	600,402	679,582	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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Additions	95,878	241,126	-	-
Impairment:				
Buildings	731	18,302	-	-
Charge for the financial year:				
Buildings	178,120	196,550	-	-
Leasehold land	9,739	10,121	-	10
Computer equipment	27,418	24,896	-	-
Motor vehicles	446	381	-	-
	215,723	231,948	-	10

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term lease expenses	96,665	98,016	-	-
Low-value lease expenses	6,262	6,889	-	-
Variable lease payment expenses	61,473	31,654	-	-

Notes to the Financial Statements

for the financial year ended 31 December 2022

18 INVESTMENT PROPERTIES

	Leasehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
The Group			
2021			
Fair value at 1 January	36,196	4,804	41,000
Reclassified to non-current assets held for sale	(27,196)	(4,804)	(32,000)
Fair value adjustments	(9,000)	-	(9,000)
Fair value at 31 December	-	-	-
	Freehold land RM'000	Buildings on freehold land RM'000	Total RM'000
The Company			
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
2021			
Cost			
At 1 January / 31 December	235	561	796
Accumulated depreciation			
At 1 January	-	433	433
Charge for the financial year	-	18	18
At 31 December	-	451	451
Net book value at 31 December 2021	235	110	345
Fair value at 31 December 2021	1,400	1,400	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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

19 GOODWILL

	Note	The Group	
		2022 RM'000	2021 RM'000
Cost			
At 1 January		7,659,297	7,758,423
Goodwill arising from business combinations:			
– Arising from the acquisition of CIMB AI Lab	52.1(j)	6,311	–
Exchange fluctuation		(67,971)	(99,126)
At 31 December		7,597,637	7,659,297
Impairment			
At 1 January		(1,215,197)	–
Impairment charge during the financial year		–	(1,215,197)
At 31 December		(1,215,197)	(1,215,197)
Net book value at 31 December		6,382,440	6,444,100

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:

	2022 RM'000	2021 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	–
Exchange fluctuation	(142,716)	(74,745)
	6,382,440	6,444,100

Notes to the Financial Statements

for the financial year ended 31 December 2022

19 GOODWILL (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 2023 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 (2023-2026), 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 recoverable amount is assessed by incorporating multiple scenarios with variation in the assumptions used including discount rate and haircut on the cash flow projections, to allow assessment on the sensitivity of goodwill recoverable amount taking into consideration assumed probabilities of different future events and/or scenarios.

The estimated terminal growth rates and discount rates used for value-in-use calculations are as follows:

	2022		2021	
	Terminal Growth rate	Discount rate	Terminal Growth rate	Discount rate
Retail Finance Services	3.83%	11.29%	4.06%	9.17%
Islamic Banking	3.83%	11.29%	4.06%	9.17%
Group Cards	3.83%	11.29%	4.06%	9.17%
Commercial Banking	3.83%	11.29%	4.06%	9.17%
Corporate Banking	3.83%	11.29%	4.06%	9.17%
Treasury	3.83%	11.29%	4.06%	9.17%
Foreign banking operations				
– Indonesia	4.34%	15.70%	4.00%	13.37%
– Thailand	2.34%	9.95%	2.00%	10.68%
Others – TnG	3.83%	11.29%	4.06%	9.17%

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 testing for CIMB Thai CGU for the year ended 31 December 2021

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. The pervasive macroeconomic deterioration in 2021 caused by the COVID-19 pandemic, and the consequent effects on the operations and earnings of CIMB Thai ("the CGU") is mainly arising from the implementation of a more focused strategy by reshaping its portfolio. Therefore this has then triggered testing of the carrying amount of the related goodwill for impairment during the financial year ended 31 December 2021. The interim impairment test was performed by comparing the estimated recoverable amount of CIMB Thai CGU carrying goodwill, determined by a Value-In-Use ("VIU") calculation, with its carrying amount. The impairment test resulted in a goodwill impairment of RM1,215 million. No asset other than goodwill was impaired.

The assumptions used in performing the interim impairment test have been updated to reflect budgeted earnings in 2022-2025 and a delay in the return to the pre-crisis levels of earnings and profitability.

The recoverable amount of CIMB Thai was based on its VIU, calculated based on the cash flow projections derived from the financial budgets and business plans prepared by management that was updated to reflect the most recent developments as at the interim reporting date. In view of the uncertainty in the economic outlook as a result of COVID-19, the VIU estimated during the financial year 31 December 2021 was based on the discounted cash flow ("DCF") method with multiple cash flow projections taking into consideration assumed probabilities of different future events and/or scenarios. In the interim impairment testing, management has considered using 3 scenarios to reflect a representative sample of possible outcomes, namely the best case scenario, base case scenario and worst case scenario.

The best case scenario reflects the budgeted earnings without any hair-cut to the cash flow projections, base case scenario with 10% hair-cut and worst case scenario with 20% hair-cut.



Notes to the Financial Statements

for the financial year ended 31 December 2022

19 GOODWILL (CONTINUED)

Impairment test for goodwill (Continued)

Impairment testing for CIMB Thai CGU for the year ended 31 December 2021 (Continued)

The goodwill impairment charge to the Group's Statements of Income is a non-cash item. The impairment charge will not have an impact to regulatory capital ratios and future earnings.

The key assumptions used in estimating the recoverable amount for the CGU are set out below.

Key assumption	Best case	Base case	Worst case
Probability weightage	20%	60%	20%
Discount rate (pre-tax) WACC	10.68%		
Terminal growth rate	2%	2%	2%

The key assumptions in the table are based on the following.

Outcome: Management has subjectively assigned probability weighted scenario based on past performance and management's expectation of the market development. Management believes that the probability weightage assigned presents a reasonable assessment of the likelihood of the scenarios.

Discount rate: The discount rate used is the weighted average cost of capital ("WACC"). The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities and the risk of the specific CGU.

Growth rate: The long term growth rate are estimated based on the nominal GDP growth rate of Thailand, reflecting the potential long term effects of the pandemic on GDP.

The following changes in assumptions would have resulted in a significant increase in the impairment loss as follows:

Change in assumptions	Impairment higher by (RM'mil)
Probability weights for best, base and worst case are 20%, 50% and 30% respectively	64
10 basis point increase in post-tax discount rate	94
10 basis point decrease in terminal growth rate	77

Impairment charge

During the financial year ended 31 December 2021, an impairment charge of RM1,215 million arises from CIMB Thai was made.

There was no impairment charge for the financial year ended 31 December 2022.

Notes to the Financial Statements

for the financial year ended 31 December 2022

20 INTANGIBLE ASSETS

The Group	Note	Customer relationship RM'000	Core deposits RM'000	Computer software and work-in-progress RM'000	License fee 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	16	-	-	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



Notes to the Financial Statements

for the financial year ended 31 December 2022

20 INTANGIBLE ASSETS (CONTINUED)

The Group	Note	Customer relationship RM'000	Core deposits RM'000	Computer software and work-in-progress RM'000	License fee RM'000	Total RM'000
2021						
Cost						
At 1 January		210,915	1,348,558	4,681,036	12,555	6,253,064
Additions during the financial year		-	-	676,550	-	676,550
Disposals/write off during the financial year		-	-	(214,732)	(12,555)	(227,287)
Net reclassification from property, plant and equipment	16	-	-	4,511	-	4,511
Exchange fluctuation		-	-	5,975	-	5,975
At 31 December		210,915	1,348,558	5,153,340	-	6,712,813
Accumulated amortisation and impairment						
At 1 January		210,915	1,348,558	2,706,981	-	4,266,454
Amortisation during the financial year		-	-	714,578	-	714,578
Impairment during the financial year		-	-	614	-	614
Disposals/write off during the financial year		-	-	(125,379)	-	(125,379)
Net reclassification from property, plant and equipment	16	-	-	271	-	271
Reclassified to non-current assets held for sale		-	-	(5)	-	(5)
Exchange fluctuation		-	-	(1,190)	-	(1,190)
At 31 December		210,915	1,348,558	3,295,870	-	4,855,343
Net book value at 31 December 2021		-	-	1,857,470	-	1,857,470

The above intangible assets include software under construction at cost of RM408,133,554 (2021: RM407,531,723).

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

During the financial year ended 31 December 2021, the Group revised the remaining useful lives of some software intangible assets ranging from 1 year to 7 years, to remaining useful lives ranging from 1 month to 1 year, due to technology changes/developments. The revision was accounted for as a change in accounting estimate and as a result, the amortisation charge for the financial year ended 31 December 2021 has increased by RM260 million.

Notes to the Financial Statements

for the financial year ended 31 December 2022

21 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	The Group	
	2022 RM'000	2021 RM'000
Demand deposits	108,507,497	113,715,182
Savings deposits	73,784,622	72,337,231
Fixed deposits	165,541,568	151,957,865
Negotiable instruments of deposit	648,944	517,515
Others	84,467,352	83,890,299
	432,949,983	422,418,092

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

	The Group	
	2022 RM'000	2021 RM'000
Due within six months	127,698,171	125,376,609
Six months to less than one year	30,874,784	25,724,027
One year to less than three years	6,685,799	1,286,007
Three years to less than five years	931,758	88,737
	166,190,512	152,475,380

(ii) By type of customer

	The Group	
	2022 RM'000	2021 RM'000
Government and statutory bodies	15,005,285	12,260,870
Business enterprises	166,281,466	160,383,062
Individuals	181,284,793	174,607,407
Others	70,378,439	75,166,753
	432,949,983	422,418,092



Notes to the Financial Statements

for the financial year ended 31 December 2022

22 INVESTMENT ACCOUNTS OF CUSTOMERS

		The Group	
		2022 RM'000	2021 RM'000
Unrestricted investment accounts	58(p)	13,684,632	10,427,167

23 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

		The Group	
		2022 RM'000	2021 RM'000
Licensed banks		26,849,917	24,391,150
Licensed finance companies		2,619,660	2,387,433
Licensed investment banks		665,768	426,340
Bank Negara Malaysia ("BNM")		1,270,997	1,452,698
Other financial institutions		2,782,907	2,044,274
		34,189,249	30,701,895

The maturity structure of deposits and placements of banks and other financial institutions is as follows:

		The Group	
		2022 RM'000	2021 RM'000
Due within six months		31,178,062	27,059,164
Six months to less than one year		1,015,042	1,618,555
One year to less than three years		695,664	423,543
Three years to five years		652,571	158,580
More than five years		647,910	1,442,053
		34,189,249	30,701,895

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 3.5 to 7.4 years.

Notes to the Financial Statements

for the financial year ended 31 December 2022

24 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2022 RM'000	2021 RM'000
Deposits from customers – structured investments	8,371,927	4,632,373
Debentures	655,323	–
Bills payable	2,036,603	2,224,409
	11,063,853	6,856,782

The Group has issued structured investments, bills payable and debentures, and have 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, 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 2022 were RM419,865,000 (2021: RM129,118,000) lower than the contractual amount at maturity for the structured investments, RM9,259,000 (2021: RM Nil) higher than the contractual amount at maturity for the debentures and RM280,465,000 (2021: RM366,350,000) higher than the contractual amount at maturity for the bills payable.

25 OTHER LIABILITIES

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Due to brokers		6,172	24,579	–	–
Expenditure payable		3,288,500	2,956,183	12,192	3,089
Provision for legal claims		51,355	51,384	–	–
Sundry creditors		1,435,198	1,088,366	570	69
Treasury related payables		2,077,477	1,673,213	–	–
Structured deposits		6,041,649	3,810,335	–	–
Expected credit losses for loan commitments and financial guarantee contracts	(a)	816,365	781,501	–	–
Post employment benefit obligations	28	418,861	470,116	–	–
Credit card expenditure payable		265,135	168,065	–	–
Collateral pledged for derivative transactions		6,200,556	3,028,037	–	–
Prepayment		552,426	539,312	–	–
Others^		4,006,944	1,239,734	–	–
		25,160,638	15,830,825	12,762	3,158

^ Included in Others is deferred income of a subsidiary's preferred partnership with insurance company amounting to RM1,456 million (2021: RM Nil).



Notes to the Financial Statements

for the financial year ended 31 December 2022

25 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 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
At 1 January 2021	364,382	137,978	166,261	668,621
Changes in expected credit losses due to transfer within stages:	124,233	(132,434)	8,201	-
Transferred to Stage 1	170,005	(150,110)	(19,895)	-
Transferred to Stage 2	(45,348)	75,082	(29,734)	-
Transferred to Stage 3	(424)	(57,406)	57,830	-
Total charge to Statement of Income:	(91,734)	166,077	35,879	110,222
New exposures	218,156	4,272	931	223,359
Exposures derecognised or matured	(133,971)	(34,739)	(8,502)	(177,212)
Change in credit risk	(175,919)	196,544	43,450	64,075
Exchange fluctuation	1,626	(2,809)	(6,311)	(7,494)
Other movements	9,594	725	(167)	10,152
At 31 December 2021	408,101	169,537	203,863	781,501

As at 31 December 2022, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM501,338,000 (2021: RM479,523,000).

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for the financial year ended 31 December 2022

26 LEASE LIABILITIES

	The Group	
	2022 RM'000	2021 RM'000
Buildings	461,222	536,689
Computer equipment	38,353	38,480
Motor vehicles	563	636
	500,138	575,805

27 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.

28 POST EMPLOYMENT BENEFIT OBLIGATIONS

	Note	The Group	
		2022 RM'000	2021 RM'000
Defined contribution plan – EPF	(a)	46,691	42,470
Defined benefit plans	(b)	372,170	427,646
		418,861	470,116

(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 2022.



Notes to the Financial Statements

for the financial year ended 31 December 2022

28 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	
	2022 RM'000	2021 RM'000
Present value of funded obligations	344,254	395,468
Fair value of plan assets	(163,591)	(171,859)
Status of funded plan	180,663	223,609
Present value of unfunded obligations	191,507	204,037
Status of defined benefit pension plans	372,170	427,646
Liability in statement of financial position	372,170	427,646

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 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 40)	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

Notes to the Financial Statements

for the financial year ended 31 December 2022

28 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 2021	645,024	(187,918)	457,106	–	457,106
Current service costs	38,103	–	38,103	–	38,103
Underprovision in prior year	(91)	–	(91)	–	(91)
Interest expense/(income)	10,469	(7,143)	3,326	–	3,326
Components of defined benefits costs recognised in statement of income (Note 40)	48,481	(7,143)	41,338	–	41,338
Remeasurement:					
– Gain from changes in financial assumptions	(27,513)	–	(27,513)	–	(27,513)
– Experience gains	530	–	530	–	530
Components of defined benefits costs recognised in statement of comprehensive income	(26,983)	–	(26,983)	–	(26,983)
Exchange fluctuation	(6,321)	(4,015)	(10,336)	–	(10,336)
Contributions:					
– Employer contributions	–	(1,050)	(1,050)	–	(1,050)
– Plan participant	–	(11,711)	(11,711)	–	(11,711)
Receivables	(1,615)	–	(1,615)	–	(1,615)
Payments from plans – benefits paid	(59,081)	39,978	(19,103)	–	(19,103)
At 31 December 2021	599,505	(171,859)	427,646	–	427,646

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:

The Group	2022		2021	
	Thailand %	Indonesia %	Thailand %	Indonesia %
Discount rates	3.60	7.30	2.40	7.30
Expected return on plan assets	N/A	7.30	N/A	7.30
Future salary increases	5.00	6.00	5.00	5.00
Rate of price inflation – other fixed allowance	2.00	N/A	1.60	N/A



Notes to the Financial Statements

for the financial year ended 31 December 2022

28 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

2022	Change in assumption	← Impact on defined benefit obligation →	
		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%

2021	Change in assumption	← Impact on defined benefit obligation →	
		Increase in assumption	Decrease in assumption
Discount rates	0.5% – 1%	Decreased by 12.3%	Increased by 4.2%
Expected return on plan assets	1.0%	Decreased by 0.4%	Increased by 0.4%
Future salary increases	1.0%	Increased by 6.4%	Decreased by 14.3%

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					
	Quoted RM'000	2022 Unquoted RM'000	Total RM'000	Quoted RM'000	2021 Unquoted RM'000	Total RM'000
Equity instruments (by geography)						
Indonesia	32,665	46,503	79,168	27,047	44,521	71,568
Debt instruments (by type)						
Government bonds	53,510	–	53,510	51,411	–	51,411
Corporate bonds (investment grade)	4,028	–	4,028	8,491	–	8,491
Cash and cash equivalent	–	11,359	11,359	–	17,133	17,133
Mutual funds	7,729	–	7,729	13,259	–	13,259
Others	–	7,797	7,797	–	9,997	9,997
	97,932	65,659	163,591	100,208	71,651	171,859

The expected contribution to post employment benefits plan for the financial year ending 31 December 2023 is RM27,897,000 to the Group.

The weighted average duration of the defined benefit obligation is 10.4 years (2021: 10.5 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
2022					
Defined benefits plan	44,953	23,345	170,339	1,290,938	1,529,575
2021					
Defined benefits plan	43,820	25,156	153,882	1,211,052	1,433,910

Notes to the Financial Statements

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29 BONDS, SUKUK AND DEBENTURES

	Note	The Group	
		2022 RM'000	2021 RM'000
USD15 million notes (2017/2022)	(a)	-	62,591
USD500 million notes (2017/2022)	(b)	-	2,104,779
Merdeka Kapital (2017/2024)	(c)	458,597	533,029
RM1.0 billion notes (2017/2022)	(d)	-	1,005,304
RM1.2 billion notes (2017/2024)	(d)	1,206,201	1,206,655
RM800 million notes (2017/2027)	(d)	804,224	804,532
IDR2,000,000 million bonds (Series A: 2017/2018; Series B: 2017/2020; Series C: 2017/2022)	(e)	-	242,326
IDR2,000,000 million bonds (Series A: 2017/2018; Series B: 2017/2020; Series C: 2017/2022)	(f)	-	249,451
THB Structured debentures	(g)	202,429	525,512
Short term debentures	(g)	144,814	880,408
IDR1,021,000 million bonds (Series A: 2018/2019; Series B: 2018/2021; Series C: 2018/2023)	(h)	33,338	34,536
USD88 million notes (2019/2024)	(i)	387,144	367,046
USD30 million notes (2019/2024)	(j)	133,072	125,335
HKD200 million notes (2019/2024)	(k)	107,454	107,391
USD20 million notes (2019/2024)	(l)	88,436	83,396
USD680 million notes (2019/2024)	(m)	3,017,425	2,841,009
USD40 million notes (2019/2022)	(n)	-	166,940
IDR2,000,000 million Sukuk (Series A: 2019/2020; Series B: 2019/2022, Series C: 2019/2024)	(o)	121,883	402,062
IDR1,823,000 million bonds (Series A: 2019/2020; Series B: 2019/2022, Series C: 2019/2024)	(p)	135,684	452,516
IDR1,000,000 million bonds (Series A: 2020/2021; Series B: 2020/2023; Series C: 2020/2025)	(q)	191,095	197,982
USD20 million 5-year fixed rate notes	(r)	88,068	83,634
HKD610 million 3-year fixed rate notes	(s)	324,542	324,442
USD20 million notes	(t)	88,350	83,903
HKD640 million notes	(u)	349,623	349,437
HKD128 million notes	(v)	70,138	70,127
USD500 million 5-year fixed rate notes (2022/2027)	(w)	2,210,085	-
		10,162,602	13,304,343
Fair value changes arising from fair value hedges		(244,393)	74,699
		9,918,209	13,379,042



Notes to the Financial Statements

for the financial year ended 31 December 2022

29 BONDS, SUKUK AND DEBENTURES (CONTINUED)

(a) USD15 million notes

On 8 March 2017, CIMB Bank issued USD15 million 5-year senior floating rate notes ("the Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes is subject to adjustment in accordance with the modified following business day convention and bears a coupon rate of USD 3-month LIBOR + 0.97% per annum payable quarterly.

On 8 March 2022, CIMB Bank fully redeemed the Notes.

(b) USD500 million notes

On 15 March 2017, CIMB Bank issued USD500 million 5-year senior fixed rate notes ("the FXD Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes is subject to adjustment in accordance with the modified following business day convention and bears a coupon rate of 3.263% per annum payable semi-annually.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the USD500 million notes using interest rate swaps. On 15 March 2022, CIMB Bank fully redeemed the FXD Notes.

(c) 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 (2021: RM74.4 million).

CIMB Bank has undertaken fair value hedge on the interest rate risk of the MTN using interest rate swaps.

(d) RM1.0 billion notes, RM1.2 billion notes and RM800 million notes

On 18 May 2017, CIMB Bank issued RM1.0 billion 5-year senior medium term notes (the "MTN"), RM1.2 billion 7-year 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 18 May 2022, 17 May 2024 and 18 May 2027 respectively and bear coupon rates of 4.40% per annum, 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 RM3.0 billion notes using interest rate swaps.

On 18 May 2022, CIMB Bank redeemed its RM1 billion 5-year senior MTN.

(e) IDR2,000,000 million bonds

On 23 August 2017, CIMB Niaga issued unsecured IDR2,000,000 million bonds. Purpose of the bond is to expand the credit in order to develop the business. The bonds are divided into three series. Nominal value of 1 year Series A Bond, 3 years Series B Bond and 5 years Series C Bond amounted to IDR802,000 million, IDR376,000 million and IDR822,000 million respectively, with fixed interest rate of 6.75%, 7.70% and 8.15% per annum respectively.

On 3 September 2018, CIMB Niaga redeemed its Series A Bond amounted to IDR802,000 million.

On 23 August 2020, CIMB Niaga redeemed its Series B Bond amounted to IDR376,000 million.

On 23 August 2022, CIMB Niaga redeemed its Series C Bond amounted to IDR822,000 million.

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29 BONDS, SUKUK AND DEBENTURES (CONTINUED)

(f) IDR2,000,000 million bonds

On 2 November 2017, CIMB Niaga issued unsecured IDR2,000,000 million bonds. Purpose of the bond is to expand the credit in order to develop the business. The bonds are divided into three series. Nominal value of 1 year Series A Bond, 3 years Series B Bond and 5 years Series C Bond amounted to IDR500,000 million, IDR657,000 million and IDR843,000 million respectively, with fixed interest rate of 6.20%, 7.50% and 7.75% per annum respectively.

On 12 November 2018, CIMB Niaga redeemed its Series A Bond amounted to IDR500,000 million.

On 2 November 2020, CIMB Niaga redeemed its Series B Bond amounted to IDR657,000 million.

On 2 November 2022, CIMB Niaga redeemed its Series C Bond amounted to IDR843,000 million.

(g) Structured debentures

- i. CIMB Thai Bank issued various unsecured structured debentures with tenures ranging between 2 months to 3 years from the respective issuance dates. It bears variable interest rates, payable at respective maturity dates.
- ii. In 2022, CIMB Thai Bank issued various unsecured short-term debentures with tenures ranging between 4 to 8 months. The debentures carry fixed interest rates ranging between 0.9% to 1.15%, payable at respective maturity dates.

(h) 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.

(i) 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 bear a coupon rate of USD 3-month LIBOR + 0.85% per annum payable quarterly, will mature on 19 March 2024.

(j) 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. The Notes, which bear a coupon rate of USD 3-month LIBOR + 0.80% per annum payable quarterly, will mature on 15 April 2024 (subject to adjustment in accordance with the modified following business day convention).

(k) 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.

(l) 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 bear a coupon rate of USD 3-month LIBOR + 0.73% per annum payable quarterly, will mature on 8 August 2024.



Notes to the Financial Statements

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29 BONDS, SUKUK AND DEBENTURES (CONTINUED)

(m) 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 USD 3-month LIBOR + 0.78% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 9 October 2024.

(n) USD40 million notes

On 15 November 2019, CIMB Bank issued USD40 million 3-year floating rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes bear a coupon rate of USD 3-month LIBOR + 0.58% per annum payable quarterly.

On 15 November 2022, CIMB Bank redeemed its USD40 million 5-year floating rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(o) 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.

(p) 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.

(q) 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.

(r) USD20.0 million 5-year fixed rate 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).

(s) HKD610 million 3-year fixed rate 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).

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29 BONDS, SUKUK AND DEBENTURES (CONTINUED)

(t) 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).

(u) 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).

(v) 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).

(w) USD500 million 5-year fixed rate 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.

30 OTHER BORROWINGS

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Commercial Papers/Medium Term Notes	(a)	3,956,970	4,707,895	3,956,970	4,707,895
Term loan	(b)	3,340,333	2,713,798	-	-
Others	(c)	967,482	686,779	-	-
		8,264,785	8,108,472	3,956,970	4,707,895



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30 OTHER BORROWINGS (CONTINUED)

(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 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.

(b) Term loans of the Group

Included in term loans of the Group are term loans of RM3,340,333,000 (2021: RM2,822,811,000) undertaken by CIMB Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 26 January 2023 (2021: 26 August 2022) being the earliest to mature and 2 July 2029 (2021: 4 November 2022) being the latest to mature. Interest rates charged are 2.00% to 7.80% per annum (2021: 0.80% to 1.09% per annum).

(c) Included in other borrowings of the Group are short term and long term borrowing of RM965,754,000 (2021: RM576,876,000) undertaken by CIMB Niaga and its subsidiaries. The maturity dates ranges from less than 1 month to 5 years (2021: 1 month to 5 years), with interest rates charged ranging from 5.65% to 9.00% per annum (2021: 4.10% to 9.25% per annum).

Notes to the Financial Statements

for the financial year ended 31 December 2022

31 SUBORDINATED OBLIGATIONS

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subordinated debts 2017/2027 RM1.5 billion	(a)	–	1,506,444	–	1,506,444
Subordinated debts 2018/2028 RM700 million	(b)	708,924	708,924	708,924	708,924
Subordinated notes 2018/2028 RM390 million	(c)	89,664	93,057	–	–
Subordinated debts 2018/2029 RM1.2 billion	(d)	1,217,648	1,217,648	1,217,648	1,217,648
Additional Tier 1 Securities RM1.0 billion	(e)	1,000,535	1,010,060	1,000,535	1,010,060
Subordinated debts 2018/2023 IDR75 billion	(f)	10,971	11,200	–	–
Subordinated debts 2018/2025 IDR75 billion	(g)	10,748	11,036	–	–
Subordinated loans 2019/2024 RM1.0 billion	(h)	1,010,060	1,000,543	1,010,060	1,000,535
Subordinated notes 2019/2029 RM550 million	(i)	99,824	104,641	–	–
Subordinated debts 2019/2029 RM800 million	(j)	803,122	803,122	803,122	803,122
Subordinated bonds IDR83,000 million	(k)	22,693	23,180	–	–
Subordinated debts 2020/2025 RM2.5 billion	(l)	2,510,355	2,510,788	2,510,356	2,510,788
Subordinated debts 2020/2025 RM550 million	(m)	551,465	551,573	551,465	551,573
Subordinated debts 2020/2030 RM200 million	(m)	200,592	200,636	200,592	200,636
Subordinated notes 2021/2031 RM660 million	(n)	262,136	267,955	–	–
Sustainability Sukuk Wakalah 2021/2031 RM100 million	(o)	100,031	100,031	100,031	100,031
Sukuk Wakalah 2022/2032 RM1.5 billion	(p)	1,520,795	–	1,520,795	–
Sukuk Wakalah 2022/2032 RM1.0 billion	(q)	1,004,068	–	1,004,068	–
		11,123,631	10,120,838	10,627,596	9,609,761
Fair value changes arising from fair value hedges		(109,116)	7,747	–	–
		11,014,515	10,128,585	10,627,596	9,609,761

(a) Subordinated debt RM1.5 billion

On 30 November 2017, the Company issued RM1.5 billion 10 years non-callable 5 years Tier II subordinated debt ("RM1.5 billion Subordinated Debt") bearing a fixed rate coupon of 4.90% 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 the RM1.5 billion Tier II subordinated debt issued by CIMB Bank on the same day, based on similar terms.

The RM1.5 billion Subordinated Debt qualifies as Tier II capital under the BNM's Basel III Capital Adequacy Framework (Capital Components). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

The Group has undertaken fair value hedge on the interest rate risk of the RM1.5 billion subordinated debts using interest rate swaps.

On 30 November 2022, the Company redeemed its existing RM1.5 billion Tier 2 Subordinated Debt issued under RM10.0 billion Tier 2 Subordinated Debt Programme on the first call date.

(b) 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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

31 SUBORDINATED OBLIGATIONS (CONTINUED)

(c) 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 million 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.

Included in the RM390 million subordinated notes was RM304 million (2021: RM304 million) which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

(d) 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.

(e) 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.

(f) 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 (2021: IDR36 billion) which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

(g) 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 (2021: IDR36 billion) which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

(h) Subordinated loans 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.

(i) 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 (2021: RM459 million) which was held by subsidiary of the Company, hence the amount was eliminated at consolidated level.

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for the financial year ended 31 December 2022

31 SUBORDINATED OBLIGATIONS (CONTINUED)

(j) 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.

(k) Subordinated bonds 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.

(l) Subordinated loans 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.

(m) Subordinated loans 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.

(n) 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 (2021: RM407 million) which was held by subsidiary of the Company, hence the amount was eliminated at consolidated level.

(o) 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.

(p) 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.

(q) 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 2022

32 SHARE CAPITAL

	Note	The Group and the Company	
		2022 RM'000	2021 RM'000
Issued and fully paid shares:			
At 1 January		27,099,681	25,843,808
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	–
– 23 April 2021	(a)(iii)	–	366,695
– 28 October 2021	(a)(iv)	–	889,178
At 31 December		29,094,547	27,099,681

(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 46(a); 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 46(b).

In respect of the financial year 31 December 2021, the Company increased its issued and paid-up capital from 9,922,971,258 to 10,221,456,583 shares via:

- (iii) Issuance of 91,217,789 new ordinary shares arising from the Dividend Reinvestment Scheme relating to electable portion of the interim dividend of 4.81 sen per ordinary share in respect of the financial year ended 31 December 2020, as disclosed in Note 46(c); and
- (iv) Issuance of 207,267,536 new ordinary shares each arising from the Dividend Reinvestment Scheme relating to electable portion of the first interim dividend of 10.44 sen per ordinary share in respect of the financial year ended 31 December 2021, as disclosed in Note 46(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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

32 SHARE CAPITAL (CONTINUED)

(B) DIVIDEND REINVESTMENT SCHEME (CONTINUED)

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.

33 PERPETUAL PREFERENCE SHARES

	The Group	
	2022 RM'000	2021 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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

34 RESERVES

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Statutory reserve	(a)	166,833	152,997	-	-
Regulatory reserve	(b)	417,993	129,286	-	-
Capital reserve	(c)	242,626	207,419	55,982	55,982
Exchange fluctuation reserve	(d)	542,479	462,900	-	-
Fair value reserve					
- Debt instruments at fair value through other comprehensive income	(e)	(1,417,428)	(556,531)	(13,534)	28,227
- Equity instruments at fair value through other comprehensive income	(f)	(238,981)	(217,545)	-	-
Retained earnings	(g)	35,270,933	32,814,376	1,138,715	267,442
Share-based payment reserve	(h)	114,097	86,595	87,817	33,487
Other reserves					
- Hedging reserve – net investment hedge	(i)	(1,597,622)	(1,302,249)	-	-
- Hedging reserve – cash flow hedge	(j)	(8,009)	(7,091)	-	-
- Hedging reserve – deferred hedging cost	(k)	185,982	164,629	-	-
- Own credit risk reserve	(l)	(233,760)	(81,089)	-	-
- EOP reserve – shares purchased pending release	(m)	(29,304)	(69,165)	-	-
- Defined benefits reserves	(n)	(18,574)	(20,344)	-	-
		33,397,265	31,764,188	1,268,980	385,138

- (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.

- (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 2022, the regulatory reserve is maintained by CIMB Bank and the banking subsidiaries in Malaysia to meet the local regulatory requirement

Notes to the Financial Statements

for the financial year ended 31 December 2022

34 RESERVES (CONTINUED)

- (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.

In 2020, 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 2022, the Company has sufficient tax exempt account balances to pay tax exempt dividends of up to RM477,522,037 (2021: 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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

35 SHARES HELD UNDER TRUST AND TREASURY SHARES

(A) SHARES HELD UNDER TRUST

	The Group	
	2022 RM'000	2021 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 2022, there are 258,000 (2021: 258,000) units remain unexercised.

(B) TREASURY SHARES, AT COST

	The Group and the Company			
	2022		2021	
	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 21 April 2022, 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 buy back 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 2022, there were 4,908 ordinary shares held as treasury shares (2021: 4,908). Treasury shares have no rights to vote, dividends and participation in other distribution.

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for the financial year ended 31 December 2022

36(a) INTEREST INCOME

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans, advances and financing:				
– Interest income other than recoveries	13,109,045	11,764,893	–	–
– Unwinding income [^]	196,075	154,626	–	–
Money at call and deposits with financial institutions	701,794	329,551	7,902	3,295
Reverse repurchase agreements	197,172	94,382	–	–
Debt instruments at fair value through other comprehensive income	2,040,550	1,838,211	81,800	125,718
Debt instruments at amortised cost	1,834,030	1,703,664	298,479	276,619
Others	102,486	56,063	–	–
	18,181,152	15,941,390	388,181	405,632
Accretion of discounts less amortisation of premiums	(333,723)	(353,303)	–	1
	17,847,429	15,588,087	388,181	405,633

[^] Unwinding income is interest income earned on credit impaired financial assets

36(b) INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2022 RM'000	2021 RM'000
Financial investments at fair value through profit or loss	673,733	643,404
Loan, advances and financing at fair value through profit or loss	12,063	15,226
	685,796	658,630
Accretion of discounts, net of amortisation of premiums	105,821	(88,953)
	791,617	569,677



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37 INTEREST EXPENSE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits and placements of banks and other financial institutions	548,348	178,041	-	-
Deposits from customers	4,452,565	3,507,997	-	-
Repurchase agreements/Collateralised commodity murabahah	606,163	306,938	-	-
Bonds, Sukuk and debentures	364,114	285,978	-	-
Subordinated obligations	403,779	438,418	429,079	450,809
Financial liabilities designated at fair value through profit or loss	246,998	26,382	-	-
Negotiable certificates of deposits	28,561	13,621	-	-
Other borrowings	226,121	201,535	127,312	132,495
Recourse obligation on loan and financing sold to Cagamas	26,454	42,516	-	-
Structured deposits	74,996	186,643	-	-
Lease liabilities	18,845	20,708	-	-
Others	19,181	12,496	-	-
	7,016,125	5,221,273	556,391	583,304

38 MODIFICATION (GAIN)/LOSS

	Note	The Group	
		2022 RM'000	2021 RM'000
(Gain)/loss on modification of cash flows		(6,707)	62,078

In light of the COVID-19 outbreak, the Central Bank and Ministry of Finance of respective countries have introduced several relief measures to assist customers/borrowers affected by the pandemic. These measures aim to ensure that the financial intermediation function of the financial sector remains intact, accessibility to financial services continues to be available, and banking institutions remain focused on supporting the economy during these exceptional circumstances.

During the financial year ended 31 December 2022 and 31 December 2021, the Group granted various payment moratorium, repayment assistance, restructuring and rescheduling programmes to the customers/borrowers affected by COVID-19. As a result, the Group has recognised a gain/loss arising from the modification of contractual cash flows of the loan, advances and financing.

Notes to the Financial Statements

for the financial year ended 31 December 2022

39 NET NON-INTEREST INCOME

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net fee and commission income:				
Commissions	1,176,787	1,256,815	-	-
Fee on loans, advances and financing	669,976	485,498	-	-
Service charges and fees	684,341	542,386	-	-
Corporate advisory and arrangement fees	30,489	33,775	-	-
Guarantee fees	82,269	81,310	-	-
Other fee income	254,700	222,598	-	-
Placement fees	8,141	14,605	-	-
Underwriting commission	41,549	35,038	-	-
Fee and commission income	2,948,252	2,672,025	-	-
Fee and commission expense	(742,265)	(604,759)	-	-
Net fee and commission income	2,205,987	2,067,266	-	-
Gross dividend income from:				
<u>In Malaysia</u>				
- Subsidiaries	-	-	3,131,843	582,565
- Financial investments at fair value through profit or loss	48,574	57,746	-	-
- Equity instruments at fair value through other comprehensive income	1,019	1,000	-	-
<u>Outside Malaysia</u>				
- Equity instruments at fair value through other comprehensive income	1,717	1,614	-	-
	51,310	60,360	3,131,843	582,565
Net loss arising from financial investments at fair value through profit or loss				
- Realised	(1,067,080)	(367,525)	-	-
- Unrealised	(68,972)	(671,017)	-	-
	(1,136,052)	(1,038,542)	-	-
Net gain arising from derivative financial instruments:				
- Realised	5,327,351	2,591,840	-	-
- Unrealised	(518,328)	1,091,022	-	-
	4,809,023	3,682,862	-	-



Notes to the Financial Statements

for the financial year ended 31 December 2022

39 NET NON-INTEREST INCOME (CONTINUED)

Note	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gain arising from financial liabilities designated at fair value through profit or loss:				
– Realised	(17,495)	(128,296)	-	-
– Unrealised	356,161	211,148	-	-
	338,666	82,852	-	-
Net gain arising from hedging activities	32,266	5,206	-	-
Net (loss)/gain from sale of investment in debt instruments at fair value through other comprehensive income	(32,936)	450,247	-	-
Net gain from redemption of debt instruments at amortised cost	12,740	7,020	-	-
Net (loss)/gain arising from loans, advances and financing at fair value through profit or loss:			-	-
– Unrealised	(1,208)	1,482	-	-
Income from assets management and securities services	19,871	23,952	-	-
Brokerage income	1,167	2,066	-	-
Other non-interest income:				
Foreign exchange (loss)/gain	(2,307,061)	(1,546,225)	663	413
Gain on deemed disposal of a subsidiary 56	-	1,155,890	-	-
(Loss)/gain on disposal of interests in subsidiaries 13(a)	(363)	596	581,774	-
Rental income	28,755	29,106	280	230
Gain on disposal of property, plant and equipment/ assets held for sale	27,215	42,671	4,232	-
Gain/(loss) on disposal/dilution of interest in joint ventures and associates	10,814	(6,022)	-	-
Other non-operating income	117,189	51,695	89	980
Gain on disposal of loans, advances and financing	37,170	32,251	-	-
(Loss)/gain on disposal of foreclosed assets	(6,514)	313	-	-
	(2,092,795)	(239,725)	587,038	1,623
	4,208,039	5,105,046	3,718,881	584,188

Notes to the Financial Statements

for the financial year ended 31 December 2022

40 OVERHEADS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Personnel costs				
– Salaries, allowances and bonus ¹	4,431,555	4,245,665	–	–
– Pension costs ³	466,850	468,569	–	–
– Overtime	19,117	14,419	–	–
– Staff incentives and other staff payments	291,129	399,943	–	–
– Medical expenses	80,829	81,532	–	–
– Share-based expense ²	54,330	33,487	–	–
– Others	195,594	184,785	–	–
Establishment costs				
– Depreciation of property, plant and equipment	300,917	276,272	147	554
– Depreciation of right-of-use assets	215,723	231,948	–	10
– Amortisation of intangible assets	595,649	714,578	–	–
– Depreciation of investment properties	–	–	18	18
– Intangible assets written off	1,632	65,904	–	–
– Rental	112,022	107,989	–	–
– Repair and maintenance	778,922	747,065	232	270
– Outsourced services	18,409	22,274	–	–
– Security expenses	93,368	107,770	–	–
– Others	293,437	281,378	36	54
Marketing expenses				
– Advertisement	177,079	142,214	–	–
– Others	70,943	32,288	27	17
Administration and general expenses				
– Legal and professional fees	323,213	286,003	6,989	12,057
– Stationery	22,057	31,387	–	–
– Postage	37,079	40,636	–	–
– Communication	95,644	87,260	–	51
– Incidental expenses on banking operations	90,843	75,819	–	–
– Others	579,166	739,764	23,390	23,023
	9,345,507	9,418,949	30,839	36,054

1 Included in salaries, allowances and bonus is shared-based payment expense of RM23,085,000 (2021: RM48,972,000). Refer Note 48.

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 48.

3 Included in pension costs is pension cost arising from defined benefit plans. Refer Note 28.



Notes to the Financial Statements

for the financial year ended 31 December 2022

40 OVERHEADS (CONTINUED)

The above expenditure includes the following:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' remuneration (Note 43)	14,319	10,918	3,744	3,232
Rental of premises	29,744	8,949	-	-
Hire of equipment	47,434	43,622	-	-
Lease rental	506	424	-	-
Auditors' remuneration				
<u>PricewaterhouseCoopers PLT* (audit)</u>				
- statutory audit	7,443	6,449	806	653
- limited review	1,155	1,405	26	26
- other audit related	110	111	32	29
<u>PricewaterhouseCoopers PLT* (non-audit)</u>				
- Reporting accountant, regulatory-related services and others	44	1,746	-	238
- Tax services	654	563	65	59
<u>Other member firms of PwC International Limited* (audit)</u>				
- statutory audit	6,357	6,240	-	-
- limited review	1,023	1,207	-	-
- other audit related	346	551	-	-
<u>Other member firms of PwC International Limited* (non-audit)</u>				
- Reporting accountant, regulatory-related services and others	666	70	-	-
- Tax services	674	522	-	-
<u>Other auditors' remuneration</u>				
- Statutory audit	68	97	-	-
- Tax services	5	5	-	-
Property, plant and equipment written off	2,786	3,713	-	-

* PricewaterhouseCoopers PLT and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

41 EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group	
	2022 RM'000	2021 RM'000
Expected credit losses on loans, advances and financing at amortised cost	2,594,957	3,268,570
Credit impaired loans, advances and financing:		
- Recovered	(658,282)	(665,633)
- Written off	16,050	10,650
	1,952,725	2,613,587

Notes to the Financial Statements

for the financial year ended 31 December 2022

42 OTHER EXPECTED CREDIT LOSSES AND IMPAIRMENT ALLOWANCES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other expected credit losses and impairment allowances made/ (written back):				
- Debt instrument at fair value through other comprehensive income	(25,068)	(35,067)	(856)	(13,619)
- Debt instrument at amortised cost	(101,957)	187,889	3,409	(7,055)
- Money at call and deposits and placements with banks and other financial institutions	137	(517)	-	-
- Other assets	305,376	260,521	-	15
- Intangible assets	-	614	-	-
- Property, plant and equipment	-	1,783	-	-
- Right-of-use assets	(731)	18,302	-	-
	177,757	433,525	2,553	(20,659)

Included in the other impairment allowance made for other assets during the financial year is ECL related to settlement of debit card balances.

43 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

Teoh Su Yin

Robert Neil Coombe

Dato' Lee Kok Kwan

Dato' Mohamed Ross Mohd Din

Afzal Abdul Rahim

Didi Syafruddin Yahya

Shulamite N K Khoo

Ho Yuet Mee (appointed on 28 July 2022)

Serena Tan Mei Shwen (resigned on 30 April 2022)



Notes to the Financial Statements

for the financial year ended 31 December 2022

43 DIRECTORS' REMUNERATION (CONTINUED)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Executive Director</u>				
- Salary and remuneration	7,298	5,009	-	-
- Benefits-in-kind	125	30	-	-
	7,423	5,039	-	-
<u>Non-Executive Directors</u>				
- Fees	2,801	2,438	1,263	1,200
- Other remuneration	4,011	3,360	2,444	1,997
- Benefits-in-kind	84	81	37	35
	6,896	5,879	3,744	3,232
	14,319	10,918	3,744	3,232

	Other remuneration					The Group Total	Other remuneration					The Company Total
	Fees RM'000	Salary and remuneration RM'000	Chairperson's Premium RM'000	Meeting Allowance RM'000	Benefits- in-kind RM'000	RM'000	Fees RM'000	Salary and remuneration RM'000	Chairperson's Premium RM'000	Meeting Allowance RM'000	Benefits- in-kind RM'000	RM'000
2022												
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

Notes to the Financial Statements

for the financial year ended 31 December 2022

43 DIRECTORS' REMUNERATION (CONTINUED)

2021	Other remuneration					The Group Total RM'000	Other remuneration					The Company Total RM'000
	Fees RM'000	Salary and remuneration RM'000	Chairperson's Premium RM'000	Meeting Allowance RM'000	Benefits-in-kind RM'000		Fees RM'000	Salary and remuneration RM'000	Chairperson's Premium RM'000	Meeting Allowance RM'000	Benefits-in-kind RM'000	
Executive Director												
Dato' Abdul Rahman Ahmad	-	5,009	-	-	30	5,039	-	-	-	-	-	-
	-	5,009	-	-	30	5,039	-	-	-	-	-	-
Non-Executive Directors												
Datuk Mohd Nasir Ahmad	333	-	645	361	35	1,374	150	-	450	194	35	829
Teoh Su Yin	212	-	182	228	-	622	150	-	120	208	-	478
Robert Neil Coombe	150	-	23	108	-	281	150	-	23	108	-	281
Dato' Lee Kok Kwan	285	-	-	202	-	487	150	-	-	100	-	250
Dato' Mohamed Ross Mohd Din	275	-	215	342	46	878	150	-	90	210	-	450
Afzal Abdul Rahim	-	-	-	-	-	-	-	-	-	-	-	-
Didi Syafruddin Yahya	748	-	67	613	-	1,428	150	-	68	158	-	376
Shulamite N K Khoo	150	-	-	128	-	278	150	-	-	128	-	278
Serena Tan Mei Shwen	285	-	-	246	-	531	150	-	-	140	-	290
	2,438	-	1,132	2,228	81	5,879	1,200	-	751	1,246	35	3,232
	2,438	5,009	1,132	2,228	111	10,918	1,200	-	751	1,246	35	3,232

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 (2021: RM1,481,872) and RM Nil (2021: RM Nil).



Notes to the Financial Statements

for the financial year ended 31 December 2022

44 TAXATION AND ZAKAT

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Taxation based on the profit for the financial year:				
– Malaysian income tax	2,041,252	1,165,773	1,656	(172)
– Foreign tax	772,822	628,578	-	-
	2,814,074	1,794,351	1,656	(172)
Deferred taxation (Note 11)	(40,425)	(438,565)	(224)	(147)
Under/(over) provision in prior years	(4,902)	36,007	128	(150)
	2,768,747	1,391,793	1,560	(469)
Zakat	9,332	5,060	-	-
	2,778,079	1,396,853	1,560	(469)

Reconciliation between tax charge and the Malaysian tax rate:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation and zakat	8,371,010	5,789,478	3,517,279	391,122
Less: Share of results of joint ventures	26,022	(64,223)	-	-
Share of results of associates	(66,261)	(3,795)	-	-
	8,330,771	5,721,460	3,517,279	391,122
Tax calculated at a rate of 24% (2021: 24%)	1,999,385	1,373,150	844,147	93,869
Income not subject to tax	(150,482)	(431,349)	(880,748)	(144,936)
Effects of different tax rates in other countries	(59,148)	(36,490)	-	-
Expenses not deductible for tax purposes	329,279	579,604	38,033	50,748
Utilisation/recognition of previously unrecognised deferred tax assets	(2,102)	(13,181)	-	-
Deferred tax assets not recognised	-	2,280	-	-
Effect of change in tax rate arising from Cukai Makmur	656,717	(118,228)	-	-
(Over)/under provision in prior years	(4,902)	36,007	128	(150)
Tax expense	2,768,747	1,391,793	1,560	(469)

Notes to the Financial Statements

for the financial year ended 31 December 2022

45 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.

	2022	2021
Net profit attributable to equity holders of the parent (RM'000)	5,439,863	4,295,334
Weighted average number of ordinary shares in issue ('000)	10,425,806	10,022,287
Basic earnings per share (expressed in sen per share)	52.18	42.86

(B) DILUTED EARNINGS PER SHARE

During the financial year ended 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.

The Group has no dilution in its earnings per ordinary share in the financial year ended 31 December 2021 as there are no dilutive potential ordinary shares.

	2022	2021
Net profit attributable to equity holders of the parent (RM'000)	5,439,863	4,295,334
Weighted average number of ordinary shares in issue ('000)		
– during the year	10,425,806	10,022,287
– effect of dilutive of potential ordinary shares ¹	17,467	–
Weighted average number of ordinary shares for diluted EPS	10,443,273	10,022,287
Diluted earnings per share (expressed in sen per share)	52.09	42.86

¹ The dilutive potential ordinary shares is arising from 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 2022

46 DIVIDENDS PER ORDINARY SHARE

	The Group and the Company			
	2022		2021	
	Gross per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Amount of dividend net of tax RM'000
Interim dividend in respect of previous year	12.55	1,282,792 ^a	4.81	477,295 ^c
Interim dividend in respect of current year	13.00	1,361,653 ^b	10.44	1,045,481 ^d
	25.55	2,644,445	15.25	1,522,776

- (a) 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.
- (b) 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.
- (c) The dividend of 4.81 sen per ordinary share consists of electable portion of 4.81 sen per ordinary share, of which 3.70 sen per ordinary share was reinvested in new ordinary shares in accordance with the DRS amounting to RM366,695,509 and a total of RM110,599,172 cash dividend was paid on 22 April 2021.
- (d) The dividend of 10.44 sen per ordinary share consists of electable portion of 10.44 sen per ordinary share, of which 8.88 sen per ordinary share was reinvested in new ordinary shares in accordance with the DRS amounting to RM889,177,438 and a total of RM156,303,092 cash dividend was paid on 27 October 2021.

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 28 January 2022 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 13.00 sen per ordinary share, on 10,474,253,317 ordinary shares amounting to RM1,362 million in respect of the financial year ended 31 December 2022 under DRS. The single-tier first interim dividend of 13.00 sen per ordinary share was approved by the Board of Directors on 28 July 2022 and paid on 28 October 2022.

The Directors have proposed a single-tier second interim dividend of 13.00 sen per ordinary share, on 10,665,101,700 ordinary shares amounting to RM1,386 million in respect of the financial year ended 31 December 2022, to be paid in 2023. The single-tier second interim dividend was approved by the Board of Directors on 31 January 2023.

The Financial Statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2023.

The Directors do not recommend the payment of any final dividend for the financial year ended 2022.

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47 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 13	Subsidiaries
Associates of the Company as disclosed in Note 14	Associates
Joint ventures as disclosed in Note 15	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	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
The Group						
Income earned						
Interest on loans, advances and financing	-	-	5,833	2,796	8,698	8,674
Fee income	-	-	6,397	7,125	-	-
Placement commission	-	-	13,786	22,646	-	-
Others (Note (a))	-	-	79,827	56,129	2	2
Expenditure incurred						
Interest on deposits from customers and securities sold under repurchase agreements/Collateralised Commodity Murabahah	-	-	1,928	1,638	135	3,069
Others	-	-	6,679	7,350	-	-



Notes to the Financial Statements

for the financial year ended 31 December 2022

47 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(B) RELATED PARTY TRANSACTIONS (CONTINUED)

	Subsidiaries		Associates and joint ventures		Key management personnel	
Related party transactions	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
The Company						
Income earned						
Interest on deposits and placements with banks and financial institutions	7,902	3,295	-	-	-	-
Dividend income	3,131,843	582,565	-	-	-	-
Interest income on debt instruments at amortised cost	298,479	276,619	-	-	-	-
Interest income on debt instruments at fair value through other comprehensive income	81,800	125,718	-	-	-	-
Expenditure incurred						
Interest on subordinated obligations	-	86	-	-	-	-
Professional fees	502	1,329	-	-	-	-
Group services expense	11,176	12,545	-	-	-	-
Others	1,680	451	-	-	-	-

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 RM72,462,000 (2021: RM49,574,000).

The breakdown of expenditure by geographical is as follows:

	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

	2021				
	<----- The Group ----->		<----- The Company ----->		
	Interest expense RM'000	Others RM'000	Interest expense RM'000	Others RM'000	Group services expense RM'000
Malaysia	1,556	6,315	86	1,780	12,545
Singapore	82	1,035	-	-	-
	1,638	7,350	86	1,780	12,545

Notes to the Financial Statements

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47 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(C) RELATED PARTY BALANCES

Related party balances	Subsidiaries		Associates and joint ventures		Key management personnel	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
The Group						
Amount due from						
Loans, advances and financing	-	-	238,943	225,412	20,418	24,149
Others	-	-	2,885,964	2,102,796	-	-
Amount due to						
Deposits from customers and securities sold under repurchase agreements/ Collateralised Commodity Murabahah	-	-	215,071	338,325	30,930	35,671
Others	-	-	1,170	2,826	-	-
The Company						
Amount due from						
Demand deposits, savings and fixed deposits	474,259	93,674	-	-	-	-
Debt instruments at fair value through other comprehensive income	1,737,110	1,778,168	-	-	-	-
Debt instruments at amortised cost	7,864,777	6,846,781	-	-	-	-
Others	209	183	-	-	-	-
Amount due to						
Others	531	13,389	-	-	-	-

Other inter-company balances are unsecured, non-interest bearing and repayable on demand.

(D) KEY MANAGEMENT PERSONNEL

Key management compensation

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other employee benefits #	92,650	62,956	11,707	8,270
Shares of the Company awarded from EOP (units)	331,630	304,408	-	33,821
Shares of the Company awarded from LTIP (units)				
– ESOS	5,493,000	80,810,000	-	-
– SGP	1,199,000	5,888,000	-	-

includes compensation paid by subsidiaries.

Included in the above table is the Executive Directors' compensation which is disclosed in Note 43. 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 48 to the Financial Statements.

During the financial year, share based payment expenses to key management personnel of the Group and the Company amounted to RM29,653,000 (2021: RM12,882,000) and RM Nil (2021: 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 2022 and 2021 for the loans, advances and financing made to the key management personnel.



Notes to the Financial Statements

for the financial year ended 31 December 2022

47 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(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	
	2022 RM'000	2021 RM'000
Outstanding credit exposures with connected parties	12,549,205	9,154,794
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.3%	1.8%
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 24.06% of the issued share capital of the Company (2021: 25.72%). 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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

48 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 RM22,990,000 (2021: RM48,808,000).

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RM5.11 per ordinary share (2021: RM4.21), based on observable market price.

Movements in the number of the Company's ordinary shares awarded are as follows:

	2022 Total Shares (units '000)	2021 Total Shares (units '000)
At 1 January	11,979	23,149
Awarded	2,850	3,334
Released	(9,924)	(14,504)
At 31 December	4,905	11,979

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 2022

48 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 2022:

Award Date	As at 1 January 2022 (Units'000)	Movement during the year		Outstanding as at 31 December 2022 (Units'000)	Exercisable as at 31 December 2022 (Units'000)
		Awarded (Units'000)	Forfeited (Units'000)		
9 June 2021 – First grant	196,967	–	(11,464)	185,503	–
31 March 2022 – Second grant	–	8,991	(70)	8,921	–
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
	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
Option term	23.60	24.85	25.04	25.62
Expected volatility (%)	2.87	3.50	3.82	3.69
Risk-free rate (%)	2.05	1.72	1.67	1.63
Discounted dividend flow				

Notes to the Financial Statements

for the financial year ended 31 December 2022

48 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 2022:

Award Date	Outstanding as at 1 January 2022 (Units'000)	Movement during the year		Outstanding as at 31 December 2022 (Units'000)
		Awarded (Units'000)	Forfeited (Units'000)	
9 June 2021 – First grant	14,306	–	(835)	13,471
31 March 2022 – Second grant	–	1,965	(15)	1,950
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



Notes to the Financial Statements

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48 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.

The total share-based payment expenses of the Group recognised in statement of income during the financial year amounted to RM Nil (2021: 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 March 25, 2019 to repurchase shares of a maximum of 20,000,000 (full amount) shares at a cost of up to Rp 25,000 (including transaction fees and taxes).

Upon the approval, CIMB Niaga has conducted share buyback of 7,211,500 shares.

The total share-based payment expenses of the Group recognised in statement of income during the financial year amounted to RM95,000 (2021: RM164,000).

Notes to the Financial Statements

for the financial year ended 31 December 2022

49 CAPITAL COMMITMENTS

Capital expenditure approved by Directors but not provided for in the Financial Statements are as follows:

	The Group	
	2022 RM'000	2021 RM'000
Capital expenditure:		
Authorised and contracted for	419,721	394,828
Authorised but not contracted for	1,384,925	1,361,584
	1,804,646	1,756,412

Analysed as follows:

	The Group	
	2022 RM'000	2021 RM'000
Property, plant and equipment	970,812	973,046
Computer software	833,834	783,366
	1,804,646	1,756,412

50 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 8.

The notional or principal amount of the credit-related commitments and contingencies constitute the following:

The Group	2022 Principal RM'000	2021 Principal RM'000
<u>Credit-related</u>		
Direct credit substitutes	6,897,580	7,032,364
Certain transaction-related contingent items	7,132,974	6,652,316
Short-term self-liquidating trade-related contingencies	4,151,626	3,315,027
Obligations under underwriting agreement	87,500	14,044
Irrevocable commitments to extend credit:		
– Maturity not exceeding one year	86,747,649	72,060,271
– Maturity exceeding one year	38,062,217	33,989,202
Miscellaneous commitments and contingencies	748,588	2,010,717
Total credit-related commitments and contingencies	143,828,134	125,073,941
Total treasury-related commitments and contingencies (Note 8)	1,227,595,163	1,088,081,252
	1,371,423,297	1,213,155,193



Notes to the Financial Statements

for the financial year ended 31 December 2022

50 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 9 for more details) as follows:

	The Group	
	2022 Principal RM'000	2021 Principal RM'000
Irrevocable commitments to extend credit:		
– maturity not exceeding one year	3,000,000	2,500,000

- (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.

51 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 2022

51 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 2022

51 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					
– External income	5,169,814	1,815,321	3,209,566	1,434,927	11,629,628
– Inter-segment (expense)/income	(167,271)	537,217	(156,909)	(213,037)	-
Income from Islamic Banking operations	5,002,543	2,352,538	3,052,657	1,221,890	11,629,628
Net non-interest income	1,974,780	881,114	653,947	490,008	3,999,849
Gain on disposal and deemed disposal of subsidiaries and joint ventures	1,707,124	540,666	1,764,287	185,511	4,197,588
	-	-	-	10,451	10,451
Overheads of which:	8,684,447	3,774,318	5,470,891	1,907,860	19,837,516
– Depreciation of property, plant and equipment	(4,663,024)	(1,793,850)	(2,216,199)	(672,434)	(9,345,507)
– Amortisation of intangible assets	(110,764)	(5,076)	(15,408)	(169,669)	(300,917)
	(137,682)	(14,109)	(74,243)	(369,615)	(595,649)
Profit before expected credit losses	4,021,423	1,980,468	3,254,692	1,235,426	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 (made)/written back on 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	2,732,512	1,476,451	3,024,654	1,097,154	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	2,749,261	1,476,451	3,049,221	1,096,077	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

for the financial year ended 31 December 2022

51 SEGMENT REPORTING (CONTINUED)

(A) BUSINESS SEGMENT REPORTING (CONTINUED)

Group	31 December 2021				
	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					
– External income	4,686,084	1,923,938	3,057,384	1,207,007	10,874,413
– Inter-segment income/(expense)	61,742	334,599	89,423	(485,764)	–
	4,747,826	2,258,537	3,146,807	721,243	10,874,413
Income from Islamic Banking operations	1,585,484	740,759	642,133	565,105	3,533,481
Net non-interest income	1,681,649	502,838	1,432,664	337,431	3,954,582
Gain on disposal and deemed disposal of subsidiaries	–	–	–	1,150,464	1,150,464
	8,014,959	3,502,134	5,221,604	2,774,243	19,512,940
Overheads of which:	(4,431,517)	(1,757,672)	(2,016,810)	(1,212,950)	(9,418,949)
– Depreciation of property, plant and equipment	(107,463)	(4,824)	(15,935)	(148,050)	(276,272)
– Amortisation of intangible assets	(102,306)	(7,159)	(55,476)	(549,637)	(714,578)
Profit before expected credit losses	3,583,442	1,744,462	3,204,794	1,561,293	10,093,991
Expected credit losses made on loans, advances and financing	(1,159,812)	(672,932)	(733,523)	(47,320)	(2,613,587)
Expected credit losses (made)/written back for commitments and contingencies	(113,106)	4,022	(1,149)	11	(110,222)
Other expected credit losses and impairment allowances (made)/written back	(392,919)	(3,453)	(78,601)	41,448	(433,525)
Impairment of goodwill	(397,339)	(259,652)	(462,737)	(95,469)	(1,215,197)
Segment results	1,520,266	812,447	1,928,784	1,459,963	5,721,460
Share of results of joint ventures	10,999	–	79,641	(26,417)	64,223
Share of results of associates	–	–	3,758	37	3,795
Profit before taxation and zakat	1,531,265	812,447	2,012,183	1,433,583	5,789,478
Taxation and zakat					(1,396,853)
Profit for the financial year					4,392,625
Segment assets	192,293,384	60,119,398	258,852,115	92,073,779	603,338,676
Investment in associates and joint ventures	151,157	–	673,706	2,127,283	2,952,146
	192,444,541	60,119,398	259,525,821	94,201,062	606,290,822
Unallocated assets	–	–	–	–	15,616,236
Total assets	192,444,541	60,119,398	259,525,821	94,201,062	621,907,058
Segment liabilities	161,268,385	78,564,205	257,604,225	47,519,805	544,956,620
Unallocated liabilities	–	–	–	–	16,841,690
Total liabilities	161,268,385	78,564,205	257,604,225	47,519,805	561,798,310
Other segment items					
Capital expenditure	223,479	14,031	79,509	727,102	1,044,121
Investment in joint ventures	151,157	–	–	2,030,188	2,181,345
Investment in associates	–	–	673,706	97,095	770,801



Notes to the Financial Statements

for the financial year ended 31 December 2022

51 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 subsidiary bank, CIMB Thai.
- Other countries include branch and subsidiary operations in Singapore, 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 and Thailand, no other individual country contributed more than 10% of the consolidated net interest income or assets.

	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000
The Group				
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
Other countries	1,319,813	471,572	98,499,494	93,671,969
	11,629,628	13,304,242	666,721,225	602,937,372
2021				
Malaysia	5,294,393	11,719,381	394,774,903	359,573,062
Indonesia	3,295,584	1,522,023	89,792,962	78,017,495
Thailand	1,286,248	315,793	50,015,782	44,490,959
Other countries	998,188	445,077	87,323,411	79,716,794
	10,874,413	14,002,274	621,907,058	561,798,310

Notes to the Financial Statements

for the financial year ended 31 December 2022

52 SIGNIFICANT EVENTS

52.1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Issuance of bonds and Sukuk

On 20 January 2022, CIMB Bank issued USD500.0 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, as disclosed in Note 29(w).

(b) Errors relating to third party financial remittance service

In January 2022, the Group identified errors that was related to a specific third party financial remittance service, which led to a limited number of customers receiving duplicate credits in their accounts. The Group has since addressed and remedied these processing errors. After careful assessment of the incident, the Group has also implemented additional controls to prevent similar errors from occurring in the future. At the same time, the Group is embarking on a major review of mitigating controls and policies and procedures, surrounding its transaction processing infrastructure. In addition, the Group is committed to ensure and to enhance operational resilience.

The Group will take all necessary measures available to it to recover the duplicate payments, and these have commenced in first quarter for the financial year ended 2022. The Group had provided for the majority of the exposure, amounting to an ECL of RM280.9 million during the financial year ended 31 December 2021 and a full and final provision has been made for the financial year ended 2022. This provision does not impair the Group's ability to pursue recovery measures. The financial impact are disclosed in Note 10 and Note 42.

(c) Full redemption of bonds and Sukuk

The redemptions during the financial year are as follows:

- (i) On 8 March 2022, CIMB Bank fully redeemed USD15 million 5-year senior floating rate notes as disclosed in Note 29(a);
- (ii) On 15 March 2022, CIMB Bank fully redeemed USD500 million 5-year senior fixed rate notes as disclosed in Note 29(b);
- (iii) On 18 May 2022, CIMB Bank redeemed its RM1 billion 5-year senior MTN as disclosed in Note 29(d);
- (iv) On 21 August 2022, CIMB Niaga redeemed its Series B Sukuk amounted to IDR936,000 million as disclosed in Note 29(o);
- (v) On 23 August 2022, CIMB Niaga redeemed its Series C amounted to IDR822,000 million as disclosed in Note 29(e);
- (vi) On 2 November 2022, CIMB Niaga redeemed its Series C Bond amounted to IDR843,000 million;
- (vii) On 15 November 2022, CIMB Bank redeemed USD40 million 3-year floating rate notes as disclosed in Note 29(n);
- (viii) On 19 December 2022, CIMB Niaga redeemed its Series B Sukuk amounted to IDR1,066,000 million as disclosed in Note 29(p).

(d) Full redemption of subordinated obligations of the Group

The redemptions during the financial year are as follows:

On 30 November 2022, the Company redeemed its existing RM1.5 billion Tier 2 Subordinated Debt issued under RM10.0 billion Tier 2 Subordinated Debt Programme on the first call date as disclosed in Note 31(a);

(e) Full redemption of MTN of the Company

On 10 June 2022, CIMBGH redeemed its RM750 million iMTN 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 30(a).



Notes to the Financial Statements

for the financial year ended 31 December 2022

52 SIGNIFICANT EVENTS (CONTINUED)

52.1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(f) Rights issuance

On 20 June 2022, CIMB Bank issued 55.6 million Rights Issue at RM5.80 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM322.7 million.

(g) Capital injection of VND225 billion into new ordinary shares of CIMB Bank (Vietnam) Limited

On 18 July 2022, CIMB Bank completed the capital injection of VND225 billion into new ordinary shares of CIMB Bank (Vietnam) Limited.

(h) Capital injection of RM802 million into new ordinary shares of CIMB Bank

On 10 November 2022, the Company completed the capital injection of RM802 million into new ordinary shares of CIMB Bank.

(i) Issuance of subordinated obligations

Issuance during the financial year are as follows:

- (i) 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. (see Note 31(p));
- (ii) 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. (see Note 31(q)).

(j) Acquisition of the remaining 51% equity interest in CIMB AI Labs Private Limited ("CIMB AI Labs")

On 14 September 2022, CIMB Group's wholly-owned subsidiaries, Minorcap Pte Ltd ("Minorcap") and CIMB Group Sdn Bhd ("CIMBG") had completed the acquisition of the remaining 51% equity interest in CIMB Group's associate company in India named CIMB AI Labs (formerly known as Shining Star Solutions and Services Private Limited) from two individual shareholders.

Pursuant to the completion of the acquisition, CIMB AI Labs is now a 100% wholly-owned subsidiary under CIMB Group, held 99.99% and 0.01% by Minorcap and CIMBG respectively, and will be used to house CIMB Group's data analytics centre in India. The establishment of CIMB Group's data analytics centre in India will complement the existing analytics operations in CIMB's Group Consumer Banking, to spearhead data analytics as a core strategy to support CIMB's businesses.

Approval from Bank Negara Malaysia in relation to the proposed acquisition was received by CIMB Group Holdings Berhad on 24 December 2021.

The acquisition has no material financial effects on the financial statements for the financial year ended 31 December 2022.

Notes to the Financial Statements

for the financial year ended 31 December 2022

52 SIGNIFICANT EVENTS (CONTINUED)

52.2 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

(a) Issuance of Structured debentures at CIMB Thai

Subsequent to the financial year, CIMB Thai issued various unsecured structured debentures amounted to THB60.0 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 issued various unsecured short term debentures amounted to THB12.3 billion with maturity of 6 months from respective issuance dates. The short term debentures carry fixed interest rates ranges from 1.15% - 1.34%, payable at respective maturity dates. CIMB Thai had also redeemed various unsecured structured debentures and unsecured short term debentures amounting to THB185.4 million and THB325.2 million respectively subsequent to the financial year.

(b) Issuance of 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.

53 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 9 December 2020. The revised guidelines took effect on 9 December 2020 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 3 May 2019.



Notes to the Financial Statements

for the financial year ended 31 December 2022

53 CAPITAL ADEQUACY (CONTINUED)

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 (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 (OJK)'s 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.

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 risk. 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.

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 2022 and 31 December 2021. 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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

53 CAPITAL ADEQUACY (CONTINUED)

- (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 2022 and 31 December 2021.

	The Group	
	2022	2021
Before deducting proposed dividend		
Common equity tier 1 ratio	14.943%	14.596%
Tier 1 ratio	15.792%	15.481%
Total capital ratio	18.891%	18.373%
After deducting proposed dividend		
Common equity tier 1 ratio	14.526%	14.194%
Tier 1 ratio	15.375%	15.079%
Total capital ratio	18.474%	17.970%

The Group implemented a Dividend Reinvestment Scheme ("DRS") for the single-tier second interim dividend in respect of the financial year ended 31 December 2021, which would increase the capital adequacy ratios of the Group above those stated above.

The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	The Group	
	2022 RM'000	2021 RM'000
Credit risk ⁽¹⁾	283,348,349	266,883,396
Market risk	13,981,992	18,638,489
Large exposure risk requirements	1,194,330	891,987
Operational risk	33,969,638	32,221,575
Total risk-weighted assets	332,494,309	318,635,447

- ⁽¹⁾ The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 9(i)(c) for more details) are as follows:

	The Group	
	RM'000	RM'000
Under Restricted Agency Investment Account arrangement	857,557	1,227,746



Notes to the Financial Statements

for the financial year ended 31 December 2022

53 CAPITAL ADEQUACY (CONTINUED)

(b) Components of Tier 1 and Tier 2 capital for the financial year ended 31 December 2022 and 31 December 2021 are as follows:

	The Group	
	2022 RM'000	2021 RM'000
Common Equity Tier 1 capital		
Ordinary share capital	29,094,547	27,099,681
Other reserves	33,396,659	31,763,582
Qualifying non-controlling interests	484,612	460,905
Less: Proposed dividends	(1,386,463)	(1,282,792)
Common Equity Tier 1 capital before regulatory adjustments	61,589,355	58,041,376
<u>Less: Regulatory adjustments</u>		
Goodwill	(6,382,440)	(6,444,100)
Intangible assets	(1,798,512)	(1,857,470)
Deferred tax assets	(1,866,077)	(1,626,326)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,062,743)	(2,839,107)
Regulatory reserve	(417,993)	(129,286)
Others	236,434	80,941
Common Equity Tier 1 capital after regulatory adjustments	48,298,024	45,226,028
Additional Tier 1 capital		
Perpetual subordinated capital securities	2,750,000	2,750,000
Qualifying capital instruments held by third parties	72,768	69,650
	2,822,768	2,819,650
<u>Less: Regulatory adjustments</u>		
Investments in own Additional Tier 1 capital instruments	-	-
Additional Tier 1 capital after regulatory adjustments	2,822,768	2,819,650
Total Tier 1 capital	51,120,792	48,045,678
Tier 2 capital		
Subordinated obligations	7,800,000	6,800,000
Qualifying capital instruments held by third parties	71,903	69,341
Surplus of eligible provisions over expected loss	1,024,699	915,176
General provisions ✓	1,407,065	1,429,425
Tier 2 capital before regulatory adjustments	10,303,667	9,213,942
<u>Less: Regulatory adjustments</u>		
Investments in own Tier 2 capital instruments	-	-
Total Tier 2 capital	10,303,667	9,213,942
Total capital	61,424,459	57,259,620

Notes to the Financial Statements

for the financial year ended 31 December 2022

53 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
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%
2021								
Before deducting proposed dividend								
Common equity tier 1 ratio	15.443%	14.919%	15.109%	93.350%	15.701%	21.216%	N/A	N/A
Tier 1 ratio	16.228%	15.834%	15.875%	93.350%	15.701%	21.216%	N/A	N/A
Total capital ratio	19.690%	19.051%	18.853%	93.365%	21.797%	22.294%	17.525%	112.477%
After deducting proposed dividend								
Common equity tier 1 ratio	15.185%	14.530%	15.109%	88.272%	15.701%	21.216%	N/A	N/A
Tier 1 ratio	15.970%	15.445%	15.875%	88.272%	15.701%	21.216%	N/A	N/A
Total capital ratio	19.432%	18.662%	18.853%	88.288%	21.797%	22.294%	17.525%	112.477%

** Includes the operations of CIMB Bank (L) Limited.

√ Total Capital of CIMB Group as at 31 December 2022 has excluded general provisions restricted from Tier II capital of RM1,369 million (2021: RM1,317 million).



Notes to the Financial Statements

for the financial year ended 31 December 2022

54 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.

Global economic activity is expected to be cautious in 2023 in view of on-going political tensions, uncertainty in Covid-19 cases and possibility of a global recession. Inflationary pressures are likely to remain as governments will likely continue tightening fiscal and monetary policies. This may be partially offset by the relaxation of China's strict pandemic controls which signals a recovery of the Chinese economy, which should translate to a pick-up in global travel activity and consumer spending.

The Group had supported customers impacted by the pandemic by providing targeted assistance programs. Most customers have since migrated out of these programs. The Group will continue to monitor the ECL impact on an on-going basis to ensure a sufficient level of provisions are being made for the targeted portfolios based on the best available information taking into consideration the country's growth and global economic uncertainty arising from external factors which ultimately will impact the domestic outlook. As the Group has set an observation period to monitor the repayments trend of the borrowers under repayment assistance programme, management will make reversal at the end of monitoring period. Management will also be taking necessary actions for post model adjustments to ensure ECL is sufficiently provided for to account for any continued external factors uncertainties.

In addition, amidst of the global uncertainty and economic headwinds including geopolitical tensions, management has updated the forward looking scenarios used in the ECL model to reflect the latest available macroeconomic view of recovery in year 2022. Various prevailing uncertainties will continue to be monitored and the Group will continue to keep track of asset quality of the borrowers.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

54 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(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 Significant 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. The assessment of the value in use of each CGU has considered the impact of COVID-19 on earnings. Refer to Note 19 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) *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.

(d) *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 2022

55 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current assets held for sale:				
Property, plant and equipment, right-of-use assets and investment property (a)	7,471	55,362	-	3,768
Investment in associates (Note 14e)	757,115	-	-	-
Disposal group held for sale (b)	269	467	-	-
Total non-current assets held for sale	764,855	55,829	-	3,768
Non-current liabilities held for sale:				
Disposal group held for sale (b)	39	67	-	-
Total non-current liabilities held for sale	39	67	-	-

- (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 2023.

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 2022, the property, plant and equipment held for sale that were stated at fair value less cost to sell was RM7,471,000 (2021: RM17,195,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales 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

During the financial 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 2022

55 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

(b) Disposal group held for sale (Continued)

In prior year

The assets and liabilities of the disposal group as at 31 December 2021 are as follows:

	The Group RM'000
Assets classified as held for sale	
Cash and short term funds	250
Other assets	217
	467
Liabilities classified as held for sale	
Other liabilities	67
	67

56 SIGNIFICANT DEEMED DISPOSAL OF SUBSIDIARY WITH LOSS OF CONTROL DISPOSAL IN PRIOR YEAR

(a) Disposal of interest in a subsidiary that resulted in loss of control in 2021:

	Note
Name of subsidiaries	
TNG Digital Sdn Bhd ("TNGD")	56(b)



Notes to the Financial Statements

for the financial year ended 31 December 2022

56 SIGNIFICANT DEEMED DISPOSAL OF SUBSIDIARY WITH LOSS OF CONTROL (CONTINUED)

(b) The cash flows and net assets of TNGD are as follows:

		The Group
	Note	2021 RM'000
Cash and short-term funds		323,246
Deposits and placements with banks and other financial institutions		226
Other assets		34,691
Property, plant and equipment		9,826
Right-of-use assets		6,280
Intangible assets		50,457
Other liabilities		(316,615)
Lease liabilities		(6,465)
Non-controlling interests		(46,890)
Net assets		54,756
Reclassification of option reserve and others		(6,411)
Gain on deemed disposal		1,155,890
Deemed considerations (inclusive of fair value adjustment)		1,204,235
Less: Fair value of equity interest retained as a joint venture	15	(1,204,235)
Total deemed consideration received in cash		-
Less: Cash of subsidiary disposed		(323,246)
Cash outflow on disposal of subsidiary		(323,246)

Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT

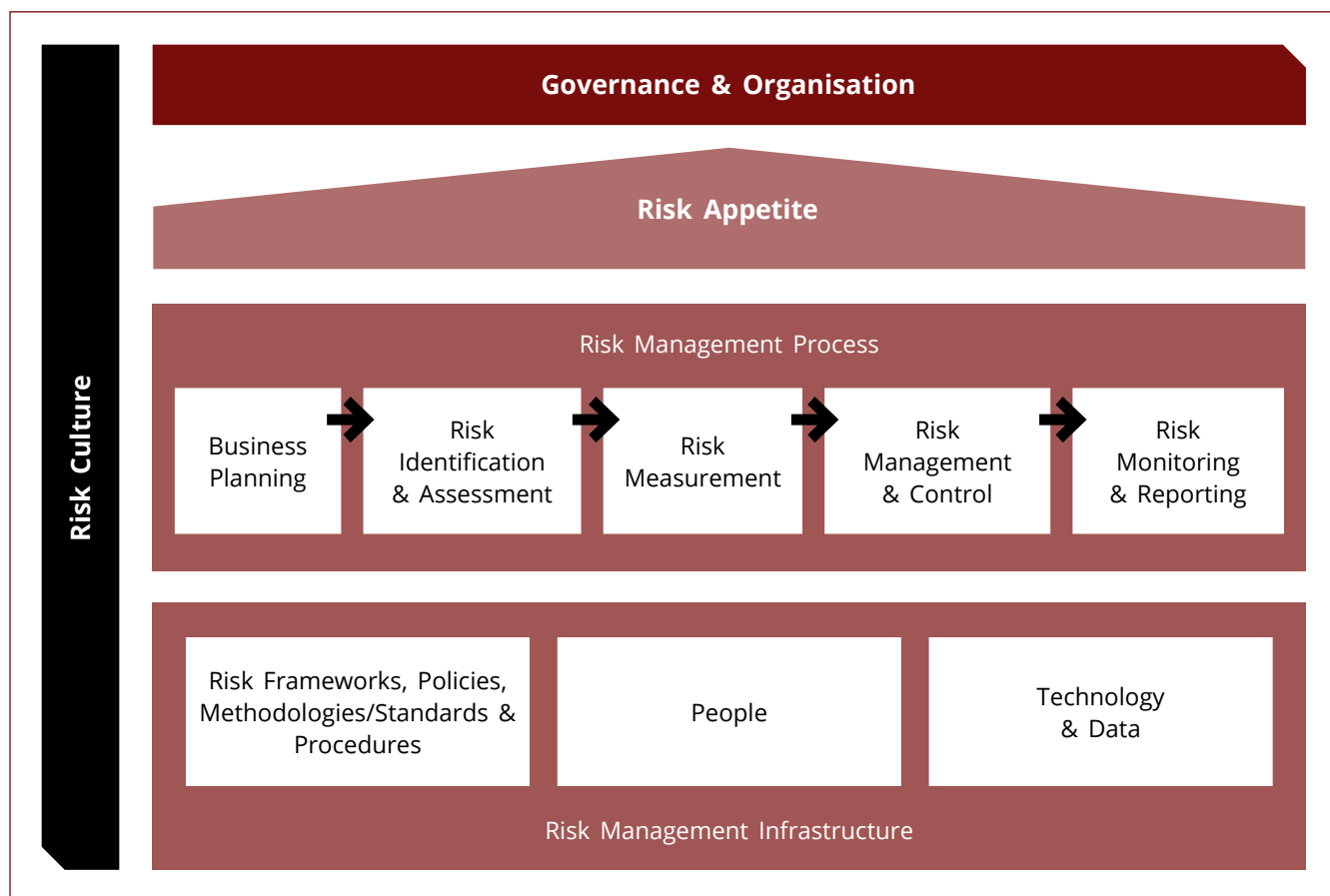
(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group embraces risk management as an integral part of the Group's 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 risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments, quantification of capital requirements and risk turn analysis or 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 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.



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for the financial year ended 31 December 2022

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 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 Board Risk and Compliance Committee ("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. The BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of Group Risk and Compliance Committee ("GRCC").

To facilitate the effective implementation of the Group EWRM framework, 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

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) RISK GOVERNANCE (CONTINUED)

The responsibility of risk management supervision and control is delegated to GRCC, which reports directly to BRCC. GRCC, comprised of senior management of the Group, performs the oversight function for the overall management of risks. GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee ("GCC"), Group Market and Conduct Risks Committee ("GMCRC"), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee ("GALMC") and Group Asset Quality Committee ("GAQC"), 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 rates/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) Shariah Non Compliance ("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 Shariah Advisory Council ("SAC") of BNM and Securities Commission ("SC"), including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA, or decisions or advice of the Board Shariah Committee ("BSC") of the Group and other Shariah regulatory authorities of the jurisdictions in which the Group operates; and
- (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.



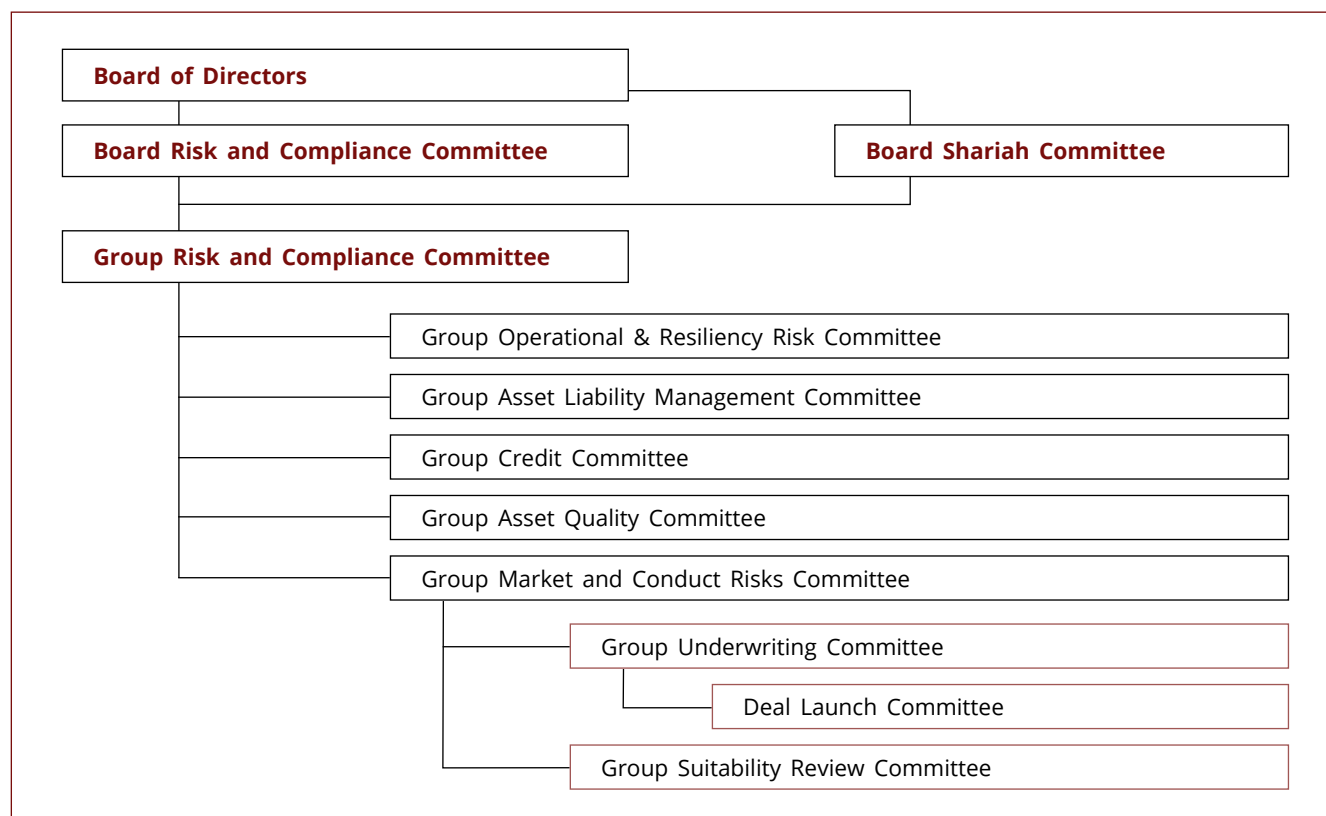
Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) RISK GOVERNANCE (CONTINUED)

The structure of CIMB Group Risk Committees is depicted in the following chart:



The 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, the 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 Group Risk Committees, the Group has established a Group Sustainability and Governance Committee ("GSGC") consisting of five 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.

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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 from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of the 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 and 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 on 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 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 CoEs consist of Asset liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing & Fraud Risk Management), Risk Analytics, and Credit Risk 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 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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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 GRD 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 challenger Alternate 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, calculating Value-at-Risk ("VaR") 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 by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks. The team also provides constructive challenge and assessment to the first line-of-defence's execution of the operational risk framework and act as a consultant with the Group in providing operational risk expertise and reporting to senior management.

The 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 extend 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 implementation and validation of risk models, and management of risk data for credit risk measurement and risk reporting across the Group. In addition, the CoE will develop and implement regional initiatives to manage and monitor climate-related risks in support of the Group's 2050 Net-Zero ambition.

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. For instance, a Climate Risk unit was established under the Enterprise Risk and Infrastructure CoE in 2022 to develop and provide a holistic climate risk management framework to monitor and manage the Group's exposure to climate-related physical and transition risks through relevant policies and procedures, risk appetite, climate scenario analysis and stress testing, as well as data analytics.



Notes to the Financial Statements

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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 and Liquidity Risk are available in the later sections.

57.1 CREDIT RISK

Credit risk is defined as the possibility of losses due to an obligor or 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 customer's obligation 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, function as the second line-of-defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompass joint delegated authority, enhanced credit approval process and outlines a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders 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 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 valued 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, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limit submitted to joint delegated authority and relevant committees for approval.

The GRCC with the support of GCC, GAQC, 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 the reviewing and analysing of 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 2022

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 its 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. The Group sustainable financing approach integrates environmental, social and economic/ethical considerations, including climate-related physical and transition risks, into the credit risk assessment process for 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.

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 as 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 and buildings and vehicles. Guarantors accepted are in line with BNM's Capital Adequacy Framework (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.

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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 swaps 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 the 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 its 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 MFRS9'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 2022

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 regularised 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 2022 and 31 December 2021. 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.

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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, such as bankruptcy, appointment of Independent Financial Advisor, 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.



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for the financial year ended 31 December 2022

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 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 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 application 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 2022

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 2022

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)	
	2022	2021
GDP growth	50	100
Equity market index	5 – 100	5 – 50
Housing Price Index (HPI)	25 – 100	50 – 150
Overnight policy rate (OPR)	50	50
Exchange Rate	10 – 50	10 – 50
Interbank rate	20	5 – 20
Crude oil price	100	100
Consumer Price Index, CPI	50 – 350	50 – 425
Export	50	75
Minimum Loan Rate	50	50
Imports	50	50
Lending indicator	50	50
Customer Confidence Index	125	–
Share Price Index	15	–
Retail Sale	175	–
BI Rate	15	–
World Commodity Index Price, non-fuel (CI)	–	150
Private investment	–	50

	The Group (Writeback)/made			
	2022		2021	
	RM'000 +	RM'000 –	RM '000 +	RM '000 –
Impact from expected credit losses	59,593	(51,762)	(19,280)	20,178

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 2022

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 2022 was RM4,528 million (2021: RM1,512 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 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 Credit Support Annexes, International Swaps and Derivatives Association Agreement ("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.

(ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 31 December 2022 and 31 December 2021 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 2022

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	
	2022 RM'000	2021 RM'000
Financial guarantees	9,235,260	8,227,841
Credit related commitments and contingencies	128,590,081	84,659,424
	137,825,341	92,887,265

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% (2021: 74%) while the financial effect of collateral for derivatives for the Group is 86% (2021: 81%). 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 2022 for the Group is 86% (2021: 88%).

Notes to the Financial Statements

for the financial year ended 31 December 2022

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

	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	The Group			
			Related amounts not set off in the statement of financial position			
			Net amounts of financial assets RM'000	Financial instruments RM'000	Financial collateral received RM'000	Net amount RM'000
Financial assets						
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
2021						
Derivatives	11,989,597	-	11,989,597	(7,241,628)	(1,747,043)	3,000,926
Reverse repurchase agreements	5,885,498	-	5,885,498	(146,513)	(5,011,917)	727,068
Loans, advances and financing - Share margin financing	63,946	-	63,946	-	(59,156)	4,790
Amount due from brokers	174,674	(28,285)	146,389	-	-	146,389
Total	18,113,715	(28,285)	18,085,430	(7,388,141)	(6,818,116)	3,879,173



Notes to the Financial Statements

for the financial year ended 31 December 2022

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

	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	The Group			
			Net amounts of financial liabilities RM'000	Related amounts not set off in the statement of financial position		Net amount RM'000
				Financial instruments RM'000	Financial collaterals pledged RM'000	
Financial liabilities						
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
2021						
Derivatives	10,895,455	-	10,895,455	(7,075,669)	(1,539,903)	2,279,883
Repurchase agreements/Collateralised Commodity Murabahah	29,184,383	-	29,184,383	(29,092,176)	-	92,207
Total	40,079,838	-	40,079,838	(36,167,845)	(1,539,903)	2,372,090



Notes to the Financial Statements

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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

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 2022 and 31 December 2021 are as follows:

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



Notes to the Financial Statements

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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 2022 and 31 December 2021 are as follows: (Continued)

The Group 2021	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	22,979,378	8,497,141	91,569	976,484	1,564,554	1,894,610	1,032,735	491,005	3,616,168	41,143,644
Reverse repurchase agreements	985,658	473,994	451,689	1,210,629	10,505	598,888	147,285	23,710	1,983,140	5,885,498
Deposits and placements with banks and other financial institutions	2,733,766	416,667	-	236,988	-	-	72,204	137,677	1,016,418	4,613,720
Financial investments at fair value through profit or loss	16,348,042	1,819,654	3,942,001	9,326,767	233,563	291,080	183,171	272,548	5,191,744	37,608,570
Debt instruments at fair value through other comprehensive income	33,323,001	13,889,058	7,330,987	2,630,729	14,090	658,121	885,700	481,912	905,888	60,119,486
Debt instruments at amortised cost	40,957,153	5,686,018	2,990,832	6,057,940	-	-	-	155,759	158,638	56,006,340
Derivative financial instruments	1,977,046	176,693	4,912,505	626,543	1,898	2,749,969	537,979	23,173	983,791	11,989,597
Loans, advances and financing	232,297,275	51,901,610	29,727,128	31,823,781	452,566	3,788,558	1,232,404	3,306,172	10,155,278	364,684,772
Other assets	3,820,214	1,169,182	2,173,219	961,993	269,429	472,359	85,008	3,994	742,922	9,698,320
Financial guarantees	3,409,971	684,965	84,080	2,684,513	-	13,532	96,648	22,536	1,231,596	8,227,841
Credit related commitments and contingencies	68,003,039	5,187,679	1,066,259	7,132,484	14,415	283,876	1,109,279	540,033	1,322,360	84,659,424
Total credit exposures	426,834,543	89,902,661	52,770,269	63,668,851	2,561,020	10,750,993	5,382,413	5,458,519	27,307,943	684,637,212

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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 2022 and 31 December 2021 are as follows (Continued):

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 owing by subsidiaries	209	–	209
	10,025,850	1	10,025,851

The Company 2021	Malaysia RM'000	Indonesia RM'000	Total RM'000
Cash and short-term funds	93,672	2	93,674
Debt instruments at fair value through other comprehensive income	1,778,168	–	1,778,168
Debt instruments at amortised cost	6,798,814	–	6,798,814
Other assets	560	–	560
Amount owing by subsidiaries	183	–	183
	8,671,397	2	8,671,399



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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

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 2022 and 31 December 2021 based on the industry sectors of the counterparty are as follows:

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
Real estate	-	-	-	-	-	-	-	-	-	-
Others:										
Household	150,251	894,210	-	15,872,424	28,850,681	41,380,763	153,685	21,438,188	1,505,463	110,245,665
Others	-	-	-	-	-	-	367	197,604,093	61	197,604,521
	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 2022 and 31 December 2021 based on the industry sectors of the counterparty are as follows (continued):

The Group 2021	Cash and short term funds RM'000	Reverse repurchase agreements 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	-	-	-	92,942	293,928	38,558	22,249	10,001,173	111	10,448,961
Mining and quarrying	-	-	-	174,525	494,100	773,667	98,369	3,987,252	-	5,527,913
Manufacturing	-	-	-	92,035	1,016,905	-	31,100	25,458,574	3,243	26,601,857
Electricity, gas and water	-	-	-	444,064	5,042,516	739,919	346,867	6,300,765	8,093	12,882,224
Construction	-	-	-	576,685	882,779	820,020	14,168	12,278,034	2,602	14,574,288
Transport, storage and communications	-	-	-	107,118	3,060,145	2,273,213	182,503	10,040,429	31,787	15,695,195
Education and health	-	-	-	-	22,943	-	-	17,790,760	1,310	17,815,013
Wholesale and retail trade, and restaurant trade, and restaurant	-	-	-	57,716	57,586	-	7,261	30,128,397	70,951	30,321,911
Finance, insurance, real estate business:										
Finance, insurance/										
takaful, real estate and business activities	41,143,644	4,703,490	4,613,720	19,608,383	16,894,832	14,167,619	11,105,131	44,429,395	8,087,714	164,753,928
Real estate										
Others:										
Household	-	-	-	-	-	-	-	185,310,178	107	185,310,285
Others	-	1,182,008	-	16,455,102	32,353,752	37,193,344	181,949	18,959,815	1,492,402	107,818,372
	41,143,644	5,885,498	4,613,720	37,608,570	60,119,486	56,006,340	11,989,597	364,684,772	9,698,320	591,749,947



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 2022 and 31 December 2021 based on the industry sectors of the counterparty are as follows (Continued):

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

The Company 2021	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	93,674	743	1,778,168	6,798,814	8,671,399
	93,674	743	1,778,168	6,798,814	8,671,399

* Other financial assets include amount owing by subsidiaries and other financial assets

Notes to the Financial Statements

for the financial year ended 31 December 2022

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 2022 and 31 December 2021 based on the industry sectors of the counterparty are as follows:

	The Group			
	Financial guarantees 2022 RM'000	Credit related commitments and contingencies 2022 RM'000	Financial guarantees 2021 RM'000	Credit related commitments and contingencies 2021 RM'000
Primary agriculture	75,644	3,274,710	67,033	1,739,184
Mining and quarrying	91,183	4,179,490	95,606	2,543,076
Manufacturing	955,628	12,023,124	1,165,957	4,737,207
Electricity, gas and water	505,517	6,292,513	504,222	3,028,701
Construction	716,527	8,253,914	377,286	6,135,961
Transport, storage and communications	203,580	5,024,426	200,796	3,234,577
Education and health	74,228	7,375,358	66,811	3,010,789
Wholesale and retail trade, and restaurant	2,843,459	11,920,418	1,610,236	7,594,927
Finance, insurance/takaful, real estate and business activities	3,533,050	16,972,312	3,922,788	10,146,364
<i>Others:</i>				
Household	93,858	51,010,204	69,579	40,437,328
Others	142,586	2,263,612	147,527	2,051,310
	9,235,260	128,590,081	8,227,841	84,659,424

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	New internal rating label*	Previous Internal rating label
Good	1 to 17	1 to 10b
Satisfactory	18 to 25	11a to 13e
Impaired	26 and above	14 and above



Notes to the Financial Statements

for the financial year ended 31 December 2022

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	New internal rating label*	Previous Internal rating label
Investment grade (IG)	1 to 10	1 to 6
Non-investment grade	11 to 25	7a to 13e
Impaired	26 and above	14 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 owing by subsidiary and other assets.

* Effective September 2021, the rating grade label was revised to have only numeric instead of alpha numeric for simplicity. The change in rating grade label does not change the number of 25 performing grades and 3 non-performing grades and does not impact the Obligor Risk Rating ("ORR") risk criteria.

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

Notes to the Financial Statements

for the financial year ended 31 December 2022

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 fund and Deposits and placement with Banks and other Financial Institutions					
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
2021					
Sovereign	29,844,928	-	-	-	29,844,928
Investment grade	13,353,346	-	-	-	13,353,346
Non-investment grade	90,613	-	-	-	90,613
Impaired	-	-	2,401	-	2,401
No rating	2,470,523	-	-	-	2,470,523
Gross carrying amount	45,759,410	-	2,401	-	45,761,811
Total ECL	(2,046)	-	(2,401)	-	(4,447)
Net carrying amount	45,757,364	-	-	-	45,757,364
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah, at amortised cost					
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
2021					
Sovereign	471,448	-	-	-	471,448
Investment grade	1,680,246	-	-	-	1,680,246
Non-investment grade	88,168	-	-	-	88,168
No rating	3,645,636	-	-	-	3,645,636
Gross carrying amount	5,885,498	-	-	-	5,885,498
Total ECL	-	-	-	-	-
Net carrying amount	5,885,498	-	-	-	5,885,498



Notes to the Financial Statements

for the financial year ended 31 December 2022

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					
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)
2021					
Sovereign	34,106,849	-	-	-	34,106,849
Investment grade	15,461,154	-	-	-	15,461,154
Non-investment grade	8,638,803	242,311	-	-	8,881,114
No rating	1,668,163	2,206	-	-	1,670,369
Gross carrying amount*	59,874,969	244,517	-	-	60,119,486
Total ECL^{^^}	(41,798)	(1,748)	(20,849)	-	(64,395)

* 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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

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					
2022					
Sovereign	57,364,311	-	-	-	57,364,311
Investment grade	3,042,323	-	-	-	3,042,323
Non-investment grade	1,955,928	502,554	-	-	2,458,482
Impaired	-	-	1,286,225	-	1,286,225
No rating	967,122	-	-	-	967,122
Gross carrying amount	63,329,684	502,554	1,286,225	-	65,118,463
Total ECL	(5,478)	(4,175)	(575,386)	-	(585,039)
Net carrying amount	63,324,206	498,379	710,839	-	64,533,424
2021					
Sovereign	49,942,769	-	-	-	49,942,769
Investment grade	3,605,141	-	-	-	3,605,141
Non-investment grade	1,279,370	517,861	-	-	1,797,231
Impaired	-	-	1,231,144	-	1,231,144
No rating	77,300	-	-	-	77,300
Gross carrying amount	54,904,580	517,861	1,231,144	-	56,653,585
Total ECL	(1,878)	(31,265)	(614,102)	-	(647,245)
Net carrying amount	54,902,702	486,596	617,042	-	56,006,340
Loans, advances and financing at amortised cost (i)					
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
2021					
Good	170,125,983	28,022,449	-	-	198,148,432
Satisfactory	30,818,911	15,779,098	-	-	46,598,009
Impaired	-	-	13,285,278	7,257	13,292,535
No rating	106,258,067	13,352,957	-	-	119,611,024
Gross carrying amount	307,202,961	57,154,504	13,285,278	7,257	377,650,000
Total ECL	(1,534,517)	(4,063,053)	(7,722,465)	(3,046)	(13,323,081)
Net carrying amount	305,668,444	53,091,451	5,562,813	4,211	364,326,919



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)

(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					
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
2021					
Sovereign	236,087	-	-	-	236,087
Investment grade	3,547,723	-	-	-	3,547,723
Impaired	-	-	421,871	-	421,871
No rating	4,287,141	67,712	-	-	4,354,853
Gross carrying amount	8,070,951	67,712	421,871	-	8,560,534
Total ECL	-	-	(390,664)	-	(390,664)
Net carrying amount	8,070,951	67,712	31,207	-	8,169,870

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for the financial year ended 31 December 2022

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					
2022					
Good	77,814,464	3,157,761	-	-	80,972,225
Satisfactory	6,658,038	1,395,123	-	-	8,053,161
Impaired	-	-	411,078	-	411,078
No rating	48,644,327	560,915	-	-	49,205,242
Gross exposure	133,116,829	5,113,799	411,078	-	138,641,706
Total ECL	(367,055)	(138,749)	(310,561)	-	(816,365)
Net exposure	132,749,774	4,975,050	100,517	-	137,825,341
2021					
Good	55,908,998	2,423,103	-	-	58,332,101
Satisfactory	3,865,425	3,012,774	-	-	6,878,199
Impaired	-	-	479,523	-	479,523
No rating	27,165,635	813,308	-	-	27,978,943
Gross exposure	86,940,058	6,249,185	479,523	-	93,668,766
Total ECL	(408,101)	(169,537)	(203,863)	-	(781,501)
Net exposure	86,531,957	6,079,648	275,660	-	92,887,265



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)

(A) FINANCIAL ASSETS USING GENERAL 3-STAGE APPROACH (CONTINUED)

i) Analysis of credit quality of loans, advances and financing by product

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		Staff loans RM'000	Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					acceptance credits RM'000	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	

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)

(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 2021	Term loans/ financing			Bills receivable		Trust receipts		Claims on customers under acceptance		Total gross carrying amount RM'000
	Overdraft RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
12-month ECL (Stage 1)										
– Good	3,800,251	252,359,602	5,550,854	1,666,894	2,794,168	1,605,038	7,770,884	31,591,324	63,946	307,202,961
– Satisfactory	1,162,785	142,662,017	4,095,098	1,317,402	1,193,237	1,097,744	3,586,004	15,011,696	–	170,125,983
– No rating	327,452	28,032,476	143,045	26,131	97,182	3,898	1,687,233	499,502	1,992	30,818,911
	2,310,014	81,665,109	1,312,711	323,361	1,503,749	503,396	2,497,647	16,080,126	61,954	106,258,067
Lifetime ECL not credit-impaired (Stage 2)										
– Good	715,234	50,968,306	1,091,573	102,103	594,550	102,441	421,081	3,159,216	–	57,154,504
– Satisfactory	186,157	25,630,843	574,745	30,527	198,390	96,560	3,018	1,302,209	–	28,022,449
– No rating	443,053	13,121,802	515,580	71,576	136,553	2,867	347,160	1,140,507	–	15,779,098
	86,024	12,215,661	1,248	–	259,607	3,014	70,903	716,500	–	13,352,957
Lifetime ECL credit- impaired (Stage 3)										
– Impaired	229,708	10,291,468	242,308	932,352	74,624	2,732	187,104	1,324,982	–	13,285,278
	229,708	10,291,468	242,308	932,352	74,624	2,732	187,104	1,324,982	–	13,285,278
Purchased credit impaired										
– Impaired	–	7,257	–	–	–	–	–	–	–	7,257
	–	7,257	–	–	–	–	–	–	–	7,257
Total	4,745,193	313,626,633	6,884,735	2,701,349	3,463,342	1,710,211	8,379,069	36,075,522	63,946	377,650,000



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)

(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 fund					
2022					
No rating	474,259	-	-	-	474,259
Gross carrying amount	474,259	-	-	-	474,259
Total ECL	-	-	-	-	-
Net carrying amount	474,259	-	-	-	474,259
2021					
No rating	93,674	-	-	-	93,674
Gross carrying amount	93,674	-	-	-	93,674
Less: ECL	-	-	-	-	-
Net carrying amount	93,674	-	-	-	93,674
Debt instruments at FVOCI					
2022					
No rating	1,737,110	-	-	-	1,737,110
Gross carrying amount*	1,737,110	-	-	-	1,737,110
Total ECL^{^^}	(11,472)	-	-	-	(11,472)
2021					
No rating	1,778,168	-	-	-	1,778,168
Gross carrying amount*	1,778,168	-	-	-	1,778,168
Total ECL^{^^}	(12,328)	-	-	-	(12,328)

* 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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

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					
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
2021					
No rating	6,846,781	-	-	-	6,846,781
Gross carrying amount	6,846,781	-	-	-	6,846,781
Total ECL	(47,967)	-	-	-	(47,967)
Net carrying amount	6,798,814	-	-	-	6,798,814
Amount owing by subsidiaries					
2022					
Investment grade	209	-	-	-	209
Impaired	-	-	775	-	775
Gross carrying amount	209	-	775	-	984
Total ECL	-	-	(775)	-	(775)
Net carrying amount	209	-	-	-	209
2021					
Investment grade	183	-	-	-	183
Impaired	-	-	775	-	775
Gross carrying amount	183	-	775	-	958
Total ECL	-	-	(775)	-	(775)
Net carrying amount	183	-	-	-	183



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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	New internal rating label*	Previous internal rating label	External credit rating
Investment grade (IG)	1 to 10	1 to 6	AAA to BBB-
Non-investment grade	11 to 28	7a to 14c	BB+ and below

* Effective September 2021, the rating grade label was revised to have only numeric instead of alpha numeric for simplicity. The change in rating grade label does not change the number of 10 Investment grades and 18 non-investment grades and does not impact the ORR risk criteria.

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
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
2021							
Other assets	54,359	10,111	12,849	1,583,018	1,660,337	(131,887)	1,528,450
Total	54,359	10,111	12,849	1,583,018	1,660,337	(131,887)	1,528,450

Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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
2022							
Other assets	-	-	-	872	872	-	872
Total	-	-	-	872	872	-	872
2021							
Other assets	-	-	-	560	560	-	560
Total	-	-	-	560	560	-	560

57.1.5 REPOSSESSED COLLATERAL

The Group obtained assets by taking possession of collateral held as security as at 31 December 2022 and 31 December 2021 are as follows:

	The Group Carrying amount RM'000	The Company Carrying amount RM'000
2022		
Nature of assets		
Industrial and residential properties, development land and motor vehicles	210,116	-
2021		
Nature of assets		
Industrial and residential properties, development land and motor vehicles	188,909	-

Reposessed collaterals are sold as soon as practicable. The Group does not utilise the reposessed collaterals for its business use.



Notes to the Financial Statements

for the financial year ended 31 December 2022

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	
	2022 RM'000	2021 RM'000
Amortised cost before modification	397,991	19,849,298
Modification loss	(919)	(54,567)
Amortised cost after modification	397,072	19,794,731

Gross carrying amounts of loans, advances and financing of the Group as at 31 December 2022, for which loss allowance has changed to 12-month measurement (Stage 1) during the financial year amounting to RM5,628,000 (2021: RM2,094,536,000).

57.1.7 OVERLAYS AND ADJUSTMENTS FOR EXPECTED CREDIT LOSSES AMID COVID-19 ENVIRONMENT

As the current MFRS 9 models are not expected to generate levels of expected credit losses ("ECL") with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 December 2022.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various targeted assistance relief and programs measures have expired during the year.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The borrowers and customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre- COVID-19 status. The overlays and post-model adjustments were generally made at portfolio level in determining the sufficient level of ECL.

The adjusted downside scenario assumes a continuous restrictive economic environment due to COVID-19 with a gradual recovery, the impact of these post-model adjustments were estimated at portfolio level, remain outside the core MFRS 9 process and amount to RM1,594.2 million (2021: RM1,434.7 million) of the Group's ECL on loans, advances/financing (including undrawn loans, advances/financing) as at 31 December 2022. Total overlays for ECL inclusive of the macro-economic adjustments maintained by the Group on loans, advances/financing as at 31 December 2022.

Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK

Market risk is defined as fluctuation in the market 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 volatilities.

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 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 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 2022 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 & Market's trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limit usage, assessing limits 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	
	2022 RM'000	2021 RM'000
Foreign exchange risk	10,447	10,687
Interest rate risk	46,575	24,334
Equity risk	993	8,565
Commodity risk	1,143	726
Total	59,158	44,312
Total shareholder's fund	62,491,206	58,863,263
Percentage of shareholder's fund	0.09%	0.08%



Notes to the Financial Statements

for the financial year ended 31 December 2022

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.

The Group 2022	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 assets										
Cash and short-term funds	35,736,945	-	-	-	-	-	8,271,915	-	44,008,860	
Reverse repurchase agreements/ reverse 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 Other assets	274,747,698	15,701,060	9,859,003	10,858,604	32,786,616	50,580,344	23,855	-	394,557,180	
	2,951,534	1,700	5,024	6,640	121,095	37,364	8,632,991	-	11,756,348	
Total financial assets	324,169,687	23,881,951	16,756,418	16,588,457	86,960,799	101,276,021	19,627,205	48,391,769	637,652,307	

Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK

(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 2022	Non-trading book									
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive	Trading book	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	49,884,863	(76,663,989)	(36,539,166)	(27,288,068)	48,672,656	97,316,697		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	



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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK

(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 2021	Non-trading book								Trading book RM'000	Total RM'000
	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			
Financial assets										
Cash and short-term funds	38,282,561	-	-	-	-	-	7,386,950	-	-	45,669,511
Reverse repurchase agreements	5,149,251	516,870	-	216,225	-	-	3,152	-	-	5,885,498
Deposits and placements with banks and other financial institutions	-	3,679,632	867,918	62,956	-	-	3,214	-	-	4,613,720
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,518,581	38,760,663	-	40,279,244
Debt instruments at fair value through other comprehensive income	291,250	946,175	2,522,235	2,410,559	25,612,051	27,968,667	368,549	-	-	60,119,486
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	323,105	-	-	323,105
Debt instruments at amortised cost	1,706,400	3,386,396	2,235,659	2,347,121	22,279,208	23,612,798	438,758	-	-	56,006,340
Derivative financial instruments	25,383	39,504	18,950	38,240	203,972	127,759	-	11,535,789	-	11,989,597
Loans, advances and financing	257,706,931	13,374,339	8,244,693	8,617,923	28,646,660	48,077,923	16,303	-	-	364,684,772
Other assets	2,457,023	440,259	4,767	110,789	88,565	21,910	6,575,007	-	-	9,698,320
Total financial assets	305,618,799	22,383,175	13,894,222	13,803,813	76,830,456	99,809,057	16,633,619	50,296,452	599,269,593	

for the financial year ended 31 December 2022

The Group 2021	Non-trading book								Trading book	Total RM'000
	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	RM'000		
Financial liabilities										
Deposits from customers	233,085,302	70,872,999	40,739,805	35,066,698	1,817,003	304,230	40,532,055	-	422,418,092	
Investment accounts of customers	1,632,867	1,517,174	3,255,546	3,352,116	142,804	461,063	65,597	-	10,427,167	
Deposits and placements of banks and other financial institutions	13,373,450	10,759,736	2,496,254	1,782,647	1,174,174	850,000	265,634	-	30,701,895	
Repurchase agreements/Collateralised commodity murabahah	17,678,225	10,354,337	449,734	301,408	-	-	400,679	-	29,184,383	
Derivative financial instruments	3,790	14,259	4,885	11,173	180,939	75,980	-	10,604,429	10,895,455	
Bills and acceptances payable	776,195	688,419	502,530	11,177	-	-	56,688	-	2,035,009	
Financial liabilities designated at fair value through profit or loss	228,496	823,401	804,352	10,066	4,597,510	77,819	5,178	309,960	6,856,782	
Other liabilities	2,652,758	1,696,377	682,754	862,134	216,221	115,784	8,579,248	-	14,805,276	
Lease liabilities	12,454	4,019	8,420	48,124	323,162	179,626	-	-	575,805	
Recourse obligation on loans and financing sold to Cagamas	-	160,018	-	325,988	238,559	269,291	4,390	-	998,246	
Bonds, Sukuk and debentures	2,973,067	3,850,208	1,123,070	1,263,208	2,726,572	1,381,520	61,397	-	13,379,042	
Other borrowings	1,103,811	1,902,104	787,195	37,510	4,264,585	859	12,408	-	8,108,472	
Subordinated obligations	-	-	177	1,822,475	7,571,015	626,378	108,540	-	10,125,585	
Total financial liabilities										
	273,520,415	102,643,051	50,854,722	44,894,724	23,252,544	4,342,550	50,091,814	10,914,389	560,514,209	
Net interest sensitivity gap										
	32,098,384	(80,259,876)	(36,960,500)	(31,090,911)	53,577,912	95,466,507		39,382,063		
Financial guarantees and commitments and contingencies										
Financial guarantees	-	-	-	-	-	-	8,227,841	-	8,227,841	
Credit related commitments and contingencies	-	-	-	-	-	-	84,659,424	-	84,659,424	
Treasury related commitments and contingencies (hedging)	1,598,902	4,148,746	2,972,113	3,749,421	16,116,549	9,579,827	-	-	38,165,558	
Net interest sensitivity gap										
	1,598,902	4,148,746	2,972,113	3,749,421	16,116,549	9,579,827	92,887,265	-	131,052,823	



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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK

(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 Company 2022	Non-trading book								Trading book RM'000	Total RM'000
	←				→					
	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			
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 owing by 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 owing 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)		-	-	

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK

(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 Company 2021	Non-trading book							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive	Trading book
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets								
Cash and short-term funds	79,589	-	-	-	-	-	14,085	-
Debt instruments at fair value through other comprehensive income	-	-	-	-	1,575,304	190,595	12,269	-
Debt instruments at amortised cost	-	-	-	1,489,457	5,262,577	-	46,780	-
Other assets	-	-	-	-	-	-	560	-
Amount owing by subsidiaries	-	-	-	-	-	-	183	-
Total financial assets	79,589	-	-	1,489,457	6,837,881	190,595	73,877	-
Financial liabilities								
Other liabilities	-	-	-	-	-	-	3,158	-
Amount owing to subsidiaries	-	-	-	-	-	-	13,389	-
Other borrowings	-	-	750,000	-	3,950,000	-	7,895	-
Subordinated obligations	-	-	-	1,500,000	7,850,000	200,000	59,761	-
Total financial liabilities	-	-	750,000	1,500,000	11,800,000	200,000	84,203	-
Net interest sensitivity gap	79,589	-	(750,000)	(10,543)	(4,962,119)	(9,405)	-	-



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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK

(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	-100 basis points	+100 basis points	-100 basis points
	RM'000	RM'000	RM'000	RM'000
2022				
Impact to profit (after tax)	(305,826)	305,826	1,168	(1,168)
2021				
Impact to profit (after tax)	(508,649)	508,649	(3,946)	3,946

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.2 MARKET RISK (CONTINUED)

57.2.2 INTEREST RATE RISK

(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
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
2021				
Impact to fair value reserves- debt instruments at fair value through other comprehensive income	(2,966,637)	2,966,637	(54,485)	54,485

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 2022

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 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	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



Notes to the Financial Statements

for the financial year ended 31 December 2022

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	-	-	3,310,311	-	-	-	-	-	-	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														
Credit related commitments and contingencies	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
	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



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 2021	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	21,759,290	4,571,252	182,773	366,219	13,067,769	512,329	1,479,930	466,366	245,073	328,293	520,110	2,170,107	23,910,221	45,669,511
Reverse repurchase agreements	494,111	471,448	451,689	757,702	3,405,015	63,677	70,426	11,050	-	107,622	22,120	30,638	5,391,387	5,885,498
Deposits and placements with banks and other financial institutions	961,211	-	-	48	3,069,297	111,992	-	-	137,677	72,215	-	261,280	3,652,509	4,613,720
Financial investments at fair value through profit or loss	15,450,461	1,682,492	3,924,791	8,723,305	5,316,407	1,343,989	62,727	3,442,768	151,066	125,547	30,023	25,668	24,828,783	40,279,244
Debt instruments at fair value through other comprehensive income	31,974,998	12,489,125	6,323,985	2,973,251	4,497,021	342,878	115,428	286,375	237,667	602,687	207,337	68,734	28,144,488	60,119,486
Equity instruments at fair value through other comprehensive income	295,647	4,290	13,405	83	7,227	-	-	-	-	-	2,453	-	27,458	323,105
Debt instruments at amortised cost	41,457,898	4,738,843	1,840,731	5,986,768	1,400,046	-	-	316,775	129,720	-	56,491	79,068	14,548,442	56,006,340
Derivative financial instruments	16,458,955	356,641	(46,087,375)	3,437,739	81,352,120	(3,675,801)	(3,552,424)	(31,252,805)	9,311,791	(723,355)	(11,404,389)	(2,231,500)	(4,469,358)	11,989,597
Loans, advances and financing	224,734,703	45,769,253	24,699,798	28,473,393	30,335,552	521,231	4868,239	1,063,778	1,527,999	1,135,524	527,906	1,027,396	139,950,069	364,684,772
Other assets	4,038,572	1,049,885	1,585,605	240,382	2,538,408	366	8,092	1,705	3,763	47,984	59,589	123,969	5,659,748	9,688,320
	357,625,846	71,133,229	(7,064,598)	50,958,890	144,988,862	(779,339)	3,052,418	(25,663,988)	11,744,756	1,696,517	(9,978,360)	1,555,360	241,643,747	599,269,593



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 2021	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	251,767,027	53,339,038	22,354,875	34,574,138	51,311,694	1,331,212	2,250,246	279,393	830,245	1,115,678	894,981	2,369,565	170,651,065	422,418,092
Investment accounts of customers	9,964,836	-	-	-	462,331	-	-	-	-	-	-	-	462,331	10,427,167
Deposits and placements of banks and other financial institutions	6,373,513	638,859	3,548,201	2,410,182	14,287,859	102,556	671,848	27,947	1,087,200	1,062,416	237,392	253,922	24,328,382	30,701,895
Repurchase agreements/ Collateralised commodity murabahah	16,861,226	369,224	3,287,262	-	8,558,333	-	-	-	85,455	22,883	-	-	12,323,157	29,184,383
Financial liabilities designated at fair value through profit or loss	1,061,368	3,203,173	2,224,409	-	367,832	-	-	-	-	-	-	-	5,795,414	6,856,782
Derivatives financial instruments	19,009,644	285,380	(46,520,782)	12,165,917	59,990,298	(2,382,657)	10,360	(26,033,730)	9,750,561	(1,625,580)	(11,239,740)	(2,514,216)	(8,114,189)	10,895,455
Bills and acceptances payable	362,249	479,072	281,584	87,665	793,016	-	57	4,205	7,901	132	19,114	14	1,672,760	2,035,009
Other liabilities	5,906,680	271,970	2,473,426	822,360	2,358,739	83,982	26,485	19,434	11,155	149,491	59,272	174,462	8,898,596	14,805,276
Lease liabilities	259,480	120,925	26,781	98,519	30,647	-	6,828	-	-	19,943	-	12,682	316,325	575,805
Recurse obligation on loans and financing sold to Cagamas	998,246	-	-	-	-	-	-	-	-	-	-	-	-	998,246
Other borrowings	4,707,895	577,767	-	-	2,718,406	-	-	-	-	-	-	104,404	3,400,577	8,108,472
Bonds, Sukuk and debentures	3,632,904	1,578,873	1,322,087	-	6,005,889	-	-	-	-	839,289	-	-	9,746,138	13,379,042
Subordinated obligations	10,083,169	45,416	-	-	-	-	-	-	-	-	-	-	45,416	10,128,585
	330,988,237	63,357,517	(11,002,157)	50,158,781	146,885,044	(864,907)	2,965,824	(25,702,751)	11,772,517	1,584,252	(10,028,981)	400,833	229,525,972	560,514,209
Financial guarantees														
Credit related commitments and contingencies	2,597,189	258,449	940	2,587,198	2,523,877	-	11,126	3,324	36,282	96,267	46,036	67,153	5,630,652	8,227,841
	65,801,570	3,455,799	991,157	5,777,828	5,323,736	428,363	555,607	96,182	401,718	1,470,648	42,401	334,415	18,857,854	84,659,424
	68,398,759	3,714,248	992,097	8,365,026	7,847,613	428,363	546,733	99,506	438,000	1,566,915	88,437	401,568	24,488,506	92,887,265



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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 owing by 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
The Company 2021	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	80,765	2	12,907	12,909	93,674
Debt instruments at fair value through other comprehensive income	1,778,168	-	-	-	1,778,168
Debt instruments at amortised cost	6,798,814	-	-	-	6,798,814
Other assets	560	-	-	-	560
Amount owing by subsidiaries	183	-	-	-	183
	8,658,490	2	12,907	12,909	8,671,399
Financial liabilities					
Other liabilities	3,158	-	-	-	3,158
Amount due to subsidiaries	13,389	-	-	-	13,389
Other borrowings	4,707,895	-	-	-	4,707,895
Subordinated obligations	9,609,761	-	-	-	9,609,761
	14,334,203	-	-	-	14,334,203

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)

(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	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)
	2022 RM'000	2022 RM'000	2021 RM'000	2021 RM'000
Impact to profit (after tax)	22,133	(22,133)	(16,466)	16,466
USD	(29,223)	29,223	(21,390)	21,390
THB	50,441	(50,441)	565	(565)
HKD	160	(160)	544	(544)
GBP	846	(846)	812	(812)
JPN	405	(405)	427	(427)
SGD	231	(231)	424	(424)
AUD	(52)	52	945	(945)
Others	(675)	675	1,207	(1,207)
Impact to reserves	(27,256)	27,256	(57,661)	57,661
USD	-	-	(38,776)	38,776
SGD	(25,367)	25,367	(17,601)	17,601
GBP	(883)	883	(1,284)	1,284
Others	(1,005)	1,005	-	-
	The Company		The Company	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)
	2022 RM'000	2022 RM'000	2021 RM'000	2021 RM'000
Impact to profit (after tax)	103	(103)	98	(98)
USD	103	(103)	98	(98)
Impact to reserves	-	-	-	-
USD	-	-	-	-



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for the financial year ended 31 December 2022

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. Our 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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 (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

for the financial year ended 31 December 2022

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 (Continued):

The Group 2021	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	45,669,511	-	-	-	-	-	-	45,669,511
Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah	5,151,916	517,357	-	216,225	-	-	-	5,885,498
Deposits and placements with banks and other financial institutions	-	3,681,768	868,895	63,057	-	-	-	4,613,720
Financial investments at fair value through profit or loss	7,415,686	8,458,269	4,010,840	2,843,882	6,157,319	8,722,574	2,670,674	40,279,244
Debt instruments at fair value through other comprehensive income	378,907	823,795	2,615,036	2,455,408	25,819,915	28,026,425	-	60,119,486
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	323,105	323,105
Debt instruments at amortised cost	1,824,454	3,202,215	2,378,431	3,657,652	25,699,336	19,244,252	-	56,006,340
Derivative financial instruments	1,634,394	2,015,948	1,979,099	989,207	3,397,995	1,972,954	-	11,989,597
Loans, advances and financing	36,466,289	17,800,354	9,463,699	18,970,389	56,703,731	225,280,310	-	364,684,772
Other assets	7,037,710	2,122,283	59,207	154,779	315,340	89,195	1,477,558	11,256,072
Tax recoverable	-	-	-	-	-	-	674,935	674,935
Deferred tax assets	-	-	-	-	-	-	1,670,475	1,670,475
Statutory deposits with central banks	-	-	-	-	-	-	4,676,200	4,676,200
Investment in associates	-	-	-	-	-	-	770,801	770,801
Investment in joint ventures	-	-	-	-	-	-	2,181,345	2,181,345
Property, plant and equipment	-	-	-	-	-	-	2,068,976	2,068,976
Right-of-use assets	-	-	-	-	-	-	679,582	679,582
Goodwill	-	-	-	-	-	-	6,444,100	6,444,100
Intangible assets	-	-	-	-	-	-	1,857,470	1,857,470
Non-current assets held for sale	-	-	-	-	-	-	55,829	55,829
Total assets	105,578,867	38,621,989	21,375,207	29,350,599	118,093,636	283,335,710	25,551,050	621,907,058



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 (Continued):

The Group 2021	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	274,179,522	70,067,726	40,897,311	35,150,743	1,818,560	304,230	-	422,418,092
Investment accounts of customers	1,697,197	1,518,442	3,255,545	3,352,116	142,804	461,063	-	10,427,167
Deposits and placements of banks and other financial institutions	13,130,371	11,444,994	2,498,265	1,604,091	1,174,174	850,000	-	30,701,895
Repurchase agreements/Collateralised commodity murabahah	18,060,343	10,371,342	450,177	302,521	-	-	-	29,184,383
Derivatives financial instruments	1,475,933	2,087,632	1,803,596	850,285	3,085,319	1,592,690	-	10,895,455
Bills and acceptances payable	759,363	387,353	192,501	11,177	566,632	117,983	-	2,035,009
Other liabilities	10,834,648	852,163	703,796	922,815	466,234	1,363,803	687,366	15,830,825
Lease liabilities	16,855	6,239	12,608	53,710	327,574	158,819	-	575,805
Recourse obligation on loans and financing sold to Cagamas	-	399	3,991	325,988	238,560	429,308	-	998,246
Deferred tax liabilities	-	-	-	-	-	-	44,149	44,149
Provision for taxation and zakat	214,336	-	-	-	-	-	-	214,336
Financial liabilities designated at fair value through profit or loss	2,335	93,006	95,550	10,235	4,968,572	1,687,084	-	6,856,782
Bonds, Sukuk and debentures	6,512	3,176,043	1,217,133	1,458,947	6,683,350	837,057	-	13,379,042
Other borrowings	226,923	7,255	760,369	2,743,598	4,261,314	109,013	-	8,108,472
Subordinated obligations	82,426	13,137	12,377	1,522,475	6,701,324	1,796,846	-	10,128,585
Non-current liabilities held for sale	-	-	-	-	-	-	67	67
Total liabilities	320,686,764	100,025,731	51,903,219	48,308,701	30,434,417	9,707,896	731,582	561,798,310
Net liquidity gap	(215,107,897)	(61,403,742)	(30,528,012)	(18,958,102)	87,659,219	273,627,814	24,819,468	60,108,748

Notes to the Financial Statements

for the financial year ended 31 December 2022

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 (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 owing 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 owing 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



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 (Continued):

The Company 2021	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	93,674	-	-	-	-	-	-	93,674
Debt instruments at fair value through other comprehensive income	-	-	12,269	-	1,575,304	190,595	-	1,778,168
Debt instruments at amortised cost	-	26,572	20,208	1,489,457	5,262,577	-	-	6,798,814
Other assets	-	-	-	-	-	-	84,101	84,101
Amount owing from subsidiaries	183	-	-	-	-	-	-	183
Tax recoverable	-	-	-	-	-	-	185,354	185,354
Investment in subsidiaries	-	-	-	-	-	-	32,873,956	32,873,956
Property, plant and equipment	-	-	-	-	-	-	413	413
Right-of-use assets	-	-	-	-	-	-	430	430
Investment properties	-	-	-	-	-	-	345	345
Non-current assets held for sale	-	-	-	-	-	-	3,768	3,768
Total assets	93,857	26,572	32,477	1,489,457	6,837,881	190,595	33,148,367	41,819,206
Liabilities								
Other liabilities	3,158	-	-	-	-	-	-	3,158
Amount owing to subsidiaries	13,389	-	-	-	-	-	-	13,389
Deferred tax liabilities	-	-	-	-	-	-	227	227
Other borrowings	-	805	757,090	-	3,950,000	-	-	4,707,895
Subordinated obligations	-	26,572	33,189	1,500,000	7,850,000	200,000	-	9,609,761
Total liabilities	16,547	27,377	790,279	1,500,000	11,800,000	200,000	227	14,334,430
Net liquidity gap	77,310	(805)	(757,802)	(10,543)	(4,962,119)	(9,405)	33,148,140	27,484,776

Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES

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 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



Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (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 2021	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	274,655,310	70,544,217	41,812,682	36,435,290	2,514,076	361,313	–	426,322,888
Investment accounts								
of customers	1,697,936	1,524,636	3,285,076	3,416,892	146,463	534,426	–	10,605,429
Deposits and placements of banks and other financial institutions	13,705,206	11,522,567	2,621,523	1,629,232	1,174,071	850,000	–	31,502,599
Repurchase agreements/ Collateralised commodity murabahah	18,062,342	10,371,687	450,177	302,521	–	–	–	29,186,727
Bills and acceptances payable	759,397	387,822	194,634	16,063	601,570	127,905	–	2,087,391
Financial liabilities designated at fair value through profit or loss	2,110	98,908	102,961	26,582	5,157,083	1,783,098	–	7,170,742
Other liabilities	9,604,721	849,068	704,153	923,690	473,944	1,624,104	676,736	14,856,416
Lease liabilities	13,938	26,093	28,265	75,496	361,559	38,437	–	543,788
Recourse obligation on loans and financing sold to Cagamas	–	1,008	19,502	347,639	338,428	478,633	–	1,185,210
Other borrowings	272,524	49,503	837,025	2,818,455	4,591,885	1,015	–	8,570,407
Bonds, Sukuk and debentures	7,339	3,220,157	1,300,511	1,564,599	6,943,574	855,703	–	13,891,883
Subordinated obligations	83,748	69,419	320,362	1,970,025	8,293,851	2,094,060	–	12,831,465
Financial guarantees	3,378,648	583,075	104,196	1,173,395	165,034	3,662	2,819,831	8,227,841
Credit related commitments and contingencies	48,972,476	4,111,096	689,986	4,012,627	7,575,043	18,907,637	390,559	84,659,424
	371,215,695	103,359,256	52,471,053	54,712,506	38,336,581	27,659,993	3,887,126	651,642,210

Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (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 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 owing 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
The Company 2021								
Non-derivative financial liabilities								
Other liabilities	3,158	-	-	-	-	-	-	3,158
Amount owing to subsidiaries	13,389	-	-	-	-	-	-	13,389
Other borrowings	-	18,325	798,843	52,554	4,226,887	-	-	5,096,609
Subordinated obligations	-	46,638	158,658	1,706,514	8,516,246	232,022	-	10,660,078
	16,547	64,963	957,501	1,759,068	12,743,133	232,022	-	15,773,234



Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (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 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)
The Group 2021	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	(2,373,704)	-	-	-	-	-	-	(2,373,704)
- Interest rate derivatives	(2,678,219)	-	-	-	-	-	-	(2,678,219)
- Equity related derivatives	(135,551)	-	-	-	-	-	-	(135,551)
- Commodity related derivatives	(212,472)	-	-	-	-	-	-	(212,472)
- Credit related contracts	(36,777)	-	-	-	-	-	-	(36,777)
- Bond contract	(115,204)	-	-	-	-	-	-	(115,204)
Hedging derivatives								
- Interest rate derivatives	(5,959)	(78,950)	(94,968)	(100,691)	(514,966)	(61,864)	-	(857,398)
	(5,557,886)	(78,950)	(94,968)	(100,691)	(514,966)	(61,864)	-	(6,409,325)



Notes to the Financial Statements

for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.3 LIQUIDITY RISK (CONTINUED)

57.3.2 CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES (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 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)
The Group 2021								
Derivative financial liabilities								
Trading derivatives								
Foreign exchange derivatives	(5,052,502)	-	-	-	-	-	-	(5,052,502)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(579,357)	(820,178)	(143,438)	(198,181)	(2,574,082)	(115,056)	-	(4,430,292)
- Inflow	582,143	821,981	143,797	211,635	2,572,983	113,690	-	4,446,229
	(5,049,716)	1,803	359	13,454	(1,099)	(1,366)	-	(5,036,565)



Notes to the Financial Statements

for the financial year ended 31 December 2022

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. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters.

The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

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for the financial year ended 31 December 2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

57.4 FAIR VALUE ESTIMATION (CONTINUED)

57.4.1 DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

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 2022

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:

2022		The Group				The Company			
		Fair Value				Fair Value			
		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

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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 following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value hierarchy (Continued):

2021	The Group				The Company			
	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
<i>Recurring fair value measurements</i>								
<u>Financial assets</u>								
Financial investments at fair value through profit or loss								
- Money market instruments	-	28,724,249	398,711	29,122,960	-	-	-	-
- Quoted securities	1,406,435	-	-	1,406,435	-	-	-	-
- Unquoted securities	-	8,571,237	1,178,612	9,749,849	-	-	-	-
Debt instruments at fair value through other comprehensive income								
- Money market instruments	-	16,399,801	-	16,399,801	-	-	-	-
- Unquoted securities	-	43,719,685	-	43,719,685	-	1,778,168	-	1,778,168
Equity instruments at fair value through other comprehensive income								
- Quoted securities	37,512	-	-	37,512	-	-	-	-
- Unquoted securities	-	-	285,593	285,593	-	-	-	-
Derivative financial instruments								
- Trading derivatives	146,868	11,154,526	234,395	11,535,789	-	-	-	-
- Hedging derivatives	-	453,808	-	453,808	-	-	-	-
Loans, advances and financing at fair value through profit or loss	-	357,853	-	357,853	-	-	-	-
Total	1,590,815	109,381,159	2,097,311	113,069,285	-	1,778,168	-	1,778,168
<i>Recurring fair value measurements</i>								
<u>Financial liabilities</u>								
Derivative financial instruments								
- Trading derivatives	91,701	10,472,969	39,759	10,604,429	-	-	-	-
- Hedging derivatives	-	291,026	-	291,026	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	6,856,782	-	6,856,782	-	-	-	-
Total	91,701	17,620,777	39,759	17,752,237	-	-	-	-



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 2022 and 31 December 2021 for the Group:

	Financial Assets						Financial Liabilities	
	Equity			Derivative financial instruments			Derivative financial instruments	
	Financial investments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Unquoted securities	Trading derivatives	Total		Trading derivatives	Total
The Group	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
2022								
At 1 January	1,577,323	285,593		234,395	2,097,311		(39,759)	(39,759)
Total gains/(losses) recognised in statement of income	(64,470)	-		(120,127)	(184,597)		3,010	3,010
Total gains 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 losses/(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 gains recognised in Other Comprehensive Income for financial year ended 31 December under "revaluation reserves"	-	(8,762)		-	(8,762)		-	-
Change in unrealised losses/(gains) 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 2022

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):

	Financial Assets					Financial Liabilities		
	Financial investments at fair value through profit or loss	Debt instruments at fair value through comprehensive income	Equity instruments at fair value through other comprehensive income	Unquoted securities	Unquoted securities	Trading derivatives	Derivative financial instruments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
2021								
At 1 January	1,659,307	1	271,036	157,301	2,087,645	(8,313)	(8,313)	(8,313)
Total gains/(losses) recognised in statement of income	29,631	-	-	79,805	109,436	(26,474)	(26,474)	(26,474)
Total gains recognised in other comprehensive income	-	-	29,140	-	29,140	-	-	-
Purchases	4,236	-	52	6,076	10,364	(28,630)	(28,630)	(28,630)
Sales and redemption	(141,336)	(1)	(14,767)	-	(156,104)	-	-	-
Settlements	-	-	-	(8,885)	(8,885)	23,740	23,740	23,740
Exchange fluctuation	25,485	-	132	98	25,715	(82)	(82)	(82)
At 31 December	1,577,323	-	285,593	234,395	2,097,311	(39,759)	(39,759)	(39,759)
Total gains/(losses) recognised in Statement of Income for financial year ended 31 December under:								
- net non-interest income	29,631	-	-	79,805	109,436	(26,474)	(26,474)	(26,474)
Total gains recognised in Other Comprehensive Income for financial year ended 31 December under "revaluation reserves"	-	-	29,140	-	29,140	-	-	-
Change in unrealised gains/(losses) recognised in profit or loss relating to assets held on 31 December under "net non-interest income"	26,821	-	-	395,810	422,631	(83,282)	(83,282)	(83,282)



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

The following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value hierarchy (Continued):

2022	The Group				The Company			
	Fair Value		Carrying amount		Fair Value		Carrying amount	
	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
Financial assets								
Reverse repurchase agreements 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	-	63,782,807	-	63,782,807	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	-	467,437,203	-	467,437,203	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	-	-	-
Recurse 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	4,303,938	-	4,303,938
Subordinated obligations	11,014,515	-	10,882,707	-	10,882,707	10,506,650	-	10,506,650
Total	546,595,241	-	543,866,217	-	543,866,217	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 following table analyses within the fair value hierarchy the Group's and the Company's assets and liabilities' fair value at 31 December 2022 and 31 December 2021, where the fair value does not approximate to carrying amount in the statement of financial position (Continued):

	The Group				The Company			
	Fair Value		Carrying amount	Total	Fair Value		Carrying amount	Total
	Level 1	Level 2			Level 1	Level 2		
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets								
Reverse repurchase agreements at amortised cost	-	5,885,498	5,885,498	5,885,498	-	-	-	-
Deposits and placement with banks and other financial institutions	-	4,613,333	4,613,333	4,613,333	-	-	-	-
Debt instruments at amortised cost	-	56,614,195	56,614,195	56,614,195	-	6,847,763	6,847,763	6,847,763
Loans, advances and financing at amortised cost	-	362,570,887	362,570,887	362,570,887	-	-	-	-
Total	430,832,477	429,683,913	429,683,913	429,683,913	-	6,847,763	6,847,763	6,847,763
Financial liabilities								
Deposits from customers	422,418,092	418,824,386	418,824,386	418,824,386	-	-	-	-
Investment accounts of customers	10,427,167	10,489,097	10,489,097	10,489,097	-	-	-	-
Deposits and placements of banks and other financial institutions	30,701,895	30,608,342	30,608,342	30,608,342	-	-	-	-
Repurchase agreements/Collateralised commodity murabahah	29,184,383	29,178,787	29,178,787	29,178,787	-	-	-	-
Recourse obligation on loans and financing sold to Cagamas	998,246	1,039,733	1,039,733	1,039,733	-	-	-	-
Bonds, Sukuk and debentures	13,379,042	13,439,472	13,439,472	13,439,472	-	-	-	-
Other borrowings	8,108,472	8,435,418	8,435,418	8,435,418	-	5,037,335	5,037,335	5,037,335
Subordinated obligations	10,128,585	10,338,660	10,338,660	10,338,660	-	9,703,343	9,703,343	9,703,343
Total	525,345,882	522,353,895	522,353,895	522,353,895	-	14,740,678	14,740,678	14,740,678



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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.

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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)

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 2022

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)

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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

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)

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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

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)

2021 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	63	(514)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit Default/FX Correlation	-55.00% to +10.00%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
Equity derivatives	234,332	(39,245)	Option pricing	Equity Volatility	9.11% to 110.22%	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	398,711	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	1,178,612	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	285,593	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 2022

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 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)

The Group 2021	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%	1	–
	–10%	–	(1)
– Equity derivatives	+25%	21,300	–
	–25%	–	(25,432)
Financial investments at fair value through profit or loss			
– Promissory notes	+10%*	25,609	–
	–10%*	–	(25,609)
Total		46,910	(51,042)

* 10% stress is applied to the estimated revenue of underlying assets



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Cash and short-term funds	(a)	18,777,000	15,576,658
Reverse Collateralised Commodity Murabahah		503,206	–
Deposits and placements with banks and other financial institutions	(b)	197,875	1,263,401
Financial investments at fair value through profit or loss	(c)	2,075,001	5,254,902
Debt instruments at fair value through other comprehensive income	(d)	5,917,142	7,082,534
Debt instruments at amortised cost	(e)	10,395,507	10,118,573
Islamic derivative financial instruments	(f)(i)	532,332	264,327
Financing, advances and other financing/loans	(g)	123,903,093	103,797,100
Other assets	(h)	4,701,865	2,718,901
Deferred tax assets	(i)	190,837	166,320
Tax recoverable		6,170	1,761
Amount due from conventional operations		13,615,714	8,953,813
Statutory deposits with central banks	(j)	2,338,788	915,756
Property, plant and equipment	(k)	4,400	3,765
Right-of-use assets	(l)	2,788	3,956
Goodwill	(m)	136,000	136,000
Intangible assets	(n)	3,965	22,661
Total assets		183,301,683	156,280,428
Liabilities			
Deposits from customers	(o)	118,028,859	112,433,852
Investment accounts of customers	(p)	13,684,632	10,427,167
Deposits and placements of banks and other financial institutions	(q)	11,689,317	4,444,554
Investment accounts due to designated financial institutions	(r)	3,576,590	3,919,753
Collateralised Commodity Murabahah		2,191,011	328,821
Financial liabilities designated at fair value through profit or loss	(s)	2,857,004	799,686
Islamic derivative financial instruments	(f)(i)	777,653	292,760
Bills and acceptances payable		39,069	26,397
Other liabilities	(t)	14,451,682	8,267,790
Lease liabilities	(u)	2,261	4,398
Amount due to conventional operations		1,703,718	2,024,744
Provision for taxation		30	51,434
Sukuk	(v)	312,978	600,044
Subordinated Sukuk	(w)	1,109,342	1,108,045
Total liabilities		170,424,146	144,729,445

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

	Note	2022 RM'000	2021 RM'000
Equity			
Islamic banking funds		55,696	55,696
Ordinary share capital	(x)	1,000,000	1,000,000
Perpetual preference shares	(x)	350,000	420,000
Reserves	(y)	11,313,906	9,946,608
		12,719,602	11,422,304
Non-controlling interests		157,935	128,679
Total equity		12,877,537	11,550,983
Total equity and liabilities		183,301,683	156,280,428
Restricted Agency Investment Account(*)	(z)	14,280,429	12,748,755
Total Islamic Banking Assets		197,582,112	169,029,183
Commitments and contingencies	(f)(ii)	63,566,410	49,225,642

* 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 2022

	Note	2022 RM'000	2021 RM'000
Income derived from investment of depositors' funds and others	(aa)	5,217,522	4,538,709
Income derived from investment of investment account	(ab)	738,920	401,384
Net income derived from investment of shareholders' funds	(ac)	796,945	773,401
Modification loss	(ad)	(2,845)	(95,749)
Expected credit loss on financing, advances and other financing/loans	(ae)	(538,185)	(303,947)
Expected credit losses written back/(made) for commitments and contingencies		48,668	(25,989)
Other expected credit losses made	(af)	(14,085)	(1,693)
Total distributable income		6,246,940	5,286,116
Income attributable to depositors and others	(ag)	(2,531,197)	(2,012,344)
Profit distributed to investment account holder	(ah)	(379,556)	(208,489)
Total net income		3,336,187	3,065,283
Personnel expenses	(ai)	(79,670)	(65,647)
Other overheads and expenditures	(aj)	(1,183,521)	(1,109,440)
Profit before taxation and zakat		2,072,996	1,890,196
Taxation and zakat	(ak)	(504,499)	(315,674)
Profit for the financial year		1,568,497	1,574,522
Profit attributable to:			
Owners of the Parent		1,532,838	1,535,795
Non-controlling interests		35,659	38,727
		1,568,497	1,574,522



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 RM'000	2021 RM'000
Profit for the financial year	1,568,497	1,574,522
Other comprehensive income/(expense):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	115	(4)
	115	(4)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Debt instruments at fair value through other comprehensive income	(96,662)	(107,399)
– Net loss from change in fair value	(106,151)	(100,143)
– Realised gain transferred to statement of income on disposal	(7,735)	(46,269)
– Changes in expected credit losses	(2,090)	1,232
– Income tax effects	19,314	37,781
Hedging reserve – cash flow hedge	326	–
– Net gain from change in fair value	326	–
Exchange fluctuation reserve	(61,726)	37,658
	(158,062)	(69,741)
Other comprehensive expense for the financial year, net of tax	(157,947)	(69,745)
Total comprehensive income for the financial year	1,410,550	1,504,777
Total comprehensive income attributable to:		
Owners of the Parent	1,381,294	1,463,722
Non-controlling interests	29,256	41,055
	1,410,550	1,504,777
Income from Islamic Banking operations:		
Total net income	3,336,187	3,065,283
Add: Expected credit losses on financing, advances and other financing/loans	538,185	303,947
Add: Expected credit losses (written back)/made for commitments and contingencies	(48,668)	25,989
Add: Other expected credit losses made	14,085	1,693
	3,839,789	3,396,912
Elimination for transaction with conventional operations	160,060	136,569
	3,999,849	3,533,481

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED) STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	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 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED) STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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	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
2021													
At 1 January 2021	1,000,000	420,000	55,696	38,471	(17,858)	213,032	-	1,226	-	8,260,339	9,970,906	87,624	10,058,530
Net profit for the financial year	-	-	-	-	-	-	-	-	-	1,535,795	1,535,795	38,727	1,574,522
Other comprehensive (expense)/income (net of tax)	-	-	-	(107,399)	35,330	-	(4)	-	-	-	(72,073)	2,328	(69,745)
- debt instruments at fair value through other comprehensive income	-	-	-	(107,399)	-	-	-	-	-	-	(107,399)	-	(107,399)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk reserve	-	-	-	-	-	-	(4)	-	-	-	(4)	-	(4)
- currency translation difference	-	-	-	-	35,330	-	-	-	-	-	35,330	2,328	37,658
Total comprehensive (expense)/income for the financial year	-	-	-	(107,399)	35,330	-	(4)	-	-	1,535,795	1,463,722	41,055	1,504,777
Interim dividend paid in respect of the financial year ended 31 December 2020	-	-	-	-	-	-	-	-	-	(12,630)	(12,630)	-	(12,630)
Share-based payment expense	-	-	-	-	-	-	-	693	944	-	1,637	-	1,637
Shares released under Equity Ownership plan	-	-	-	-	-	-	-	(1,331)	-	-	(1,331)	-	(1,331)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	(638)	944	(12,630)	(12,324)	-	(12,324)
Transfer from regulatory reserve	-	-	-	-	-	(213,032)	-	-	-	213,032	-	-	-
At 31 December 2021	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

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 RM'000	2021 RM'000
Operating activities		
Profit before taxation and zakat	2,072,996	1,890,196
Adjustments for:		
Depreciation of property, plant and equipment	1,380	1,269
Depreciation of right-of-use assets	1,437	1,498
Amortisation of intangible assets	21,288	38,625
Net unrealised loss on derivatives	285,527	10,189
Accretion of discount less amortisation of premium	(19,025)	(54,449)
Net gain from sale of debt instruments at fair value through other comprehensive income	(7,735)	(46,269)
Profit income from debt instruments at amortised cost	(402,865)	(426,920)
Profit income on debt instruments at fair value through other comprehensive income	(251,274)	(234,518)
Profit expense on Subordinated Sukuk	45,315	44,428
Profit expense on Sukuk	-	2,678
Share-based payment expense	1,769	1,637
Unrealised gain from financial liabilities designated at fair value through profit or loss	(182,574)	(39,343)
Unrealised loss from financial investments at fair value through profit or loss	739	9,067
Net loss from foreign exchange transactions	53,149	95,000
Expected credit losses/(written back)/made for commitments and contingencies	(48,668)	25,989
Net gain from hedging activities	(699)	(460)
Other expected credit losses made	14,085	1,693
Expected credit losses on financing, advances and other financing/loans	633,676	313,810
Modification loss	2,845	95,749
	148,370	(160,327)
	2,221,366	1,729,869
(Increase)/decrease in operating assets		
Reverse Collateralised Commodity Murabahah	(503,206)	-
Financial investments at fair value through profit or loss	3,234,626	(29,075)
Islamic derivative financial instruments	(67,940)	(17,543)
Financing, advances and other financing/loans	(20,765,415)	(6,846,736)
Statutory deposits with central banks	(1,423,032)	(538,689)
Other assets	(2,001,678)	(614,119)
Amount due from conventional operations	(4,661,901)	(1,617,169)
Right-of-use assets	(420)	(295)
	(26,188,966)	(9,663,626)
Increase/(decrease) in operating liabilities		
Deposits from customers	5,595,007	3,432,508
Deposits and placements of banks and other financial institutions	7,244,763	2,048,747
Other liabilities	6,207,484	(782,278)
Lease liabilities	(1,618)	(74)
Financial liabilities designated at fair value through profit or loss	2,239,892	767,419
Bills and acceptance payable	12,672	7,500
Collateralised Commodity Murabahah	1,862,190	29,585
Amount due to conventional operations	(321,026)	53,896
Investment accounts of customers	2,914,302	6,916,809
	25,753,666	12,474,112
Cash flows generated from operations	1,786,066	4,540,355
Taxation and zakat paid	(551,735)	(298,265)
Net cash flows generated from operating activities	1,234,331	4,242,090



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for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	2022 RM'000	2021 RM'000
Investing activities			
Purchase of property, plant and equipment		(2,519)	(3,603)
Purchase of intangible assets		(2,869)	(1,435)
Profit income from debt instruments at fair value through other comprehensive income		205,397	154,799
Profit income from debt instruments at amortised cost		369,292	357,045
Net purchase of debt instruments at amortised cost		(245,549)	(405,743)
Net proceeds/(purchase) of debt instruments at fair value through other comprehensive income		1,068,777	(2,508,728)
Reclassified to intangible assets		82	-
Proceeds from disposal of property, plant and equipment		365	1,650
Proceeds from disposal of intangible assets		232	371
Net cash flows generated from/(used in) investing activities		1,393,208	(2,405,644)
Financing activities			
Proceeds from issuance of subordinated Sukuk (i)		300,000	-
Repayment of subordinated Sukuk (i)		(300,000)	(10,000)
Profit expense paid on subordinated Sukuk (i)		(44,018)	(44,719)
Profit expense paid on Sukuk (i)		(39,359)	(64,122)
Dividends paid		(15,000)	(12,630)
Redemption of Sukuk (i)		(263,894)	(443,552)
Repayment of lease liabilities (i)		(519)	(595)
Issuance of preference shares		(70,000)	-
Net cash flows used in financing activities		(432,790)	(575,618)
Net increase in cash and cash equivalents		2,194,749	1,260,828
Cash and cash equivalents at beginning of financial year		16,840,059	15,540,973
Effect of exchange rate changes		(59,933)	38,258
Cash and cash equivalents at end of financial year		18,974,875	16,840,059
Cash and cash equivalents comprise:			
Cash and short-term funds	(a)	18,777,000	15,576,658
Deposits and placements with banks and other financial institutions	(b)	197,875	1,263,401
		18,974,875	16,840,059

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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

	Sukuk RM'000	Subordinated Sukuk RM'000	Lease liabilities RM'000	Total RM'000
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
At 1 January 2021	1,026,028	1,118,336	5,067	2,149,431
Repayment and redemption	(443,552)	(10,000)	(595)	(454,147)
Profit expense paid	(64,122)	(44,719)	-	(108,841)
Exchange fluctuation	18,676	-	-	18,676
Other non-cash movement	63,014	44,428	(74)	107,368
At 31 December 2021	600,044	1,108,045	4,398	1,712,487

(a) CASH AND SHORT-TERM FUNDS

	2022 RM'000	2021 RM'000
Cash and balances with banks and other financial institutions	2,155,794	1,906,286
Money at call and deposit placements maturing within one month	16,621,206	13,670,372
	18,777,000	15,576,658
Less: Expected credit loss	-	-
	18,777,000	15,576,658

(b) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2022 RM'000	2021 RM'000
Licensed banks	198,150	1,263,401
	198,150	1,263,401
Less: Expected credit loss	(275)	-
	197,875	1,263,401



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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	575
At 1 January 2021	-	-
Total charge to Statement of Income:	-	-
New financial assets purchased	51	51
Change in credit risk	(51)	(51)
At 31 December 2021	-	-

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(c) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RM'000	2021 RM'000
Money market instruments:		
Unquoted		
Malaysian Government treasury bills	445,009	62,959
Cagamas bonds	405,119	104,948
Islamic negotiable instruments of deposit	99,789	2,444,411
Government Investment Issues	709,296	584,426
Islamic Commercial Paper	-	1,299,801
	1,659,213	4,496,545
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate Sukuk	383,013	703,546
<i>Outside Malaysia:</i>		
Corporate Sukuk	-	22,299
Private equity and unit trusts funds	32,775	32,512
	415,788	758,357
	2,075,001	5,254,902

(d) DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 RM'000	2021 RM'000
Fair value		
Money market instruments:		
Unquoted		
Islamic Cagamas bonds	35,238	5,119
Government Investment Issues	1,689,309	1,427,460
	1,724,547	1,432,579
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate Sukuk	3,550,135	3,866,378
<i>Outside Malaysia:</i>		
Corporate Sukuk	-	35,598
Other Government bonds	642,460	1,747,979
	4,192,595	5,649,955
	5,917,142	7,082,534



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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
At 1 January 2021	1,913	–	1,913
Total charge to Statement of Income:	1,232	–	1,232
New financial assets purchased	16,892	–	16,892
Financial assets that have been derecognised	(1,136)	–	(1,136)
Change in credit risk	(14,524)	–	(14,524)
At 31 December 2021	3,145	–	3,145

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) DEBT INSTRUMENTS AT AMORTISED COST

	2022 RM'000	2021 RM'000
Money market instruments:		
Unquoted		
Islamic Cagamas bonds	30,113	30,117
Other Government securities	12,652	12,801
Malaysian Government Sukuk	101,341	101,341
Government Investment Issue	3,508,796	3,323,270
Khazanah bonds	89,047	89,047
	3,741,949	3,556,576
Unquoted securities		
<i>In Malaysia</i>		
Corporate Sukuk	5,634,991	5,315,624
<i>Outside Malaysia</i>		
Corporate Sukuk	28,892	29,958
Others Government bonds	1,008,527	1,243,787
	6,672,410	6,589,369
Total	10,414,359	10,145,945
Amortisation of premium, net of accretion of discount	(18,332)	(26,584)
Less: Expected credit losses	(520)	(788)
	10,395,507	10,118,573



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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

	12-month expected credit losses (Stage 1) RM'000	Total RM'000
At 1 January 2021	337	337
Total charge to Statement of Income:	447	447
New financial assets purchased	1,001	1,001
Financial assets that have been derecognised	(57)	(57)
Change in credit risk	(497)	(497)
Exchange fluctuation	4	4
At 31 December 2021	788	788

Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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

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 2021	–	–
Transfer within stages	465,530	465,530
Other movements	2,385	2,385
Exchange fluctuation	(5,516)	(5,516)
At 31 December 2021	462,399	462,399



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 2022		
	Principal RM'000	Asset RM'000	Liability RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
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)
<u>Profit rate derivatives</u>			
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)
<u>Equity derivatives</u>			
Equity options	12,029	130	(124)
– Less than 1 year	12,029	130	(124)
<u>Commodity derivatives</u>			
Commodity options	4,259	8	(8)
– Less than 1 year	4,259	8	(8)
<u>Credit related contracts</u>			
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 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(f) ISLAMIC DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(I) ISLAMIC DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2021		
	Principal RM'000	Asset RM'000	Liability RM'000
Trading derivatives			
Foreign exchange derivatives			
Currency forwards	10,018,789	111,940	(115,244)
– Less than 1 year	9,527,048	48,968	(60,880)
– 1 year to 3 years	85,637	10,886	(8,885)
– More than 3 years	406,104	52,086	(45,479)
Currency swaps	10,174,807	50,023	(41,390)
– Less than 1 year	10,174,168	50,023	(41,268)
– 1 year to 3 years	639	-	(122)
Currency spots	60,108	65	(85)
– Less than 1 year	60,108	65	(85)
Currency options	235,665	1,244	(1,214)
– Less than 1 year	235,665	1,244	(1,214)
Cross currency profit rate swaps	891,991	50,104	(46,899)
– Less than 1 year	149,811	613	(570)
– More than 3 years	742,180	49,491	(46,329)
Profit rate derivatives			
Islamic profit rate swaps	4,718,534	44,709	(81,641)
– Less than 1 year	600,645	3,573	(3,456)
– 1 year to 3 years	1,956,708	19,891	(19,824)
– More than 3 years	2,161,181	21,245	(58,361)
Equity derivatives			
Equity options	19,513	229	(219)
– Less than 1 year	19,513	229	(219)
Commodity derivatives			
Commodity swap	23,481	1,133	(978)
– Less than 1 year	23,481	1,133	(978)
Commodity options	46,640	65	(65)
– Less than 1 year	46,640	65	(65)
Credit related contracts			
Total return swaps	41,000	1,248	(1,248)
– More than 3 years	41,000	1,248	(1,248)
Hedging derivatives			
Islamic profit rate swaps	721,918	3,567	(3,777)
– Less than 1 year	140,000	126	-
– 1 year to 3 years	55,000	407	-
– More than 3 years	526,918	3,034	(3,777)
Total derivative assets/(liabilities)	26,952,446	264,327	(292,760)



Notes to the Financial Statements

for the financial year ended 31 December 2022

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:

	2022 Principal RM'000	2021 Principal RM'000
<u>Credit related</u>		
Direct credit substitutes	348,105	282,545
Certain transaction-related contingent items	972,966	730,082
Short-term self-liquidating trade-related contingencies	140,107	81,410
Irrevocable commitments to extend credit:		
– Maturity not exceeding one year	15,291,877	11,681,141
– Maturity exceeding one year	12,279,327	9,469,506
Miscellaneous commitments and contingencies:		
– Shariah-compliant equity option	60,107	28,512
Total credit-related commitments and contingencies	29,092,489	22,273,196
Total treasury-related commitments and contingencies (Note 58(f)(I))	34,473,921	26,952,446
Total commitments and contingencies	63,566,410	49,225,642



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(1) BY TYPE AND SHARIAH CONTRACT

2022	Sale-based contracts					Lease-based contracts			Profit sharing contracts			Loan contract		Others	Total RM'000		
	Bai'		Bai' al-'Inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Bai' Salam RM'000	Ijarah		Al-Ijarah Thumma al-Bai'*		Mudharabah RM'000	Mustharakah RM'000	Qard RM'000			Ujrah RM'000	Kafalah RM'000
	Murabahah RM'000	Bithaman Ajil RM'000															
At amortised cost																	
Cash line ^a	-	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)
Less: Expected credit losses																	125,887,801 (1,984,708)
Net financing, advances and other financing/loans																	123,903,093

^A 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.



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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)

	Sale-based contracts				Lease-based contracts			Profit sharing contracts		Loan contract	Others		Total RM'000
	Murabahah RM'000	Bithaman Aji RM'000	Bai' al-'Inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Bi al-Tamlik* Muntahiah RM'000	Ijarah Al-Ijarah Thumma al-Bai* RM'000	Mudharabah RM'000	Musharakah RM'000		Ujrah RM'000	Kafalah RM'000	
2021													
At amortised cost													
Cash line ^A	-	295	866	-	1,119,109	-	-	-	-	8,118	-	-	1,128,388
Term financing													
House financing	206,562	4,498,841	-	-	27,289,680	1,150,034	-	-	4,734,509	-	-	-	37,879,626
Syndicated financing	-	-	20,275	-	1,694,829	-	-	478	-	-	-	-	1,715,582
Hire purchase receivables	327,802	-	-	-	-	-	12,935,554	-	-	-	-	-	13,263,356
Other term financing	645,029	1,030,219	1,654,204	-	35,453,047	39,989	-	72,644	4,934,888	48,376	-	-	43,878,396
Lease receivable	-	-	-	-	-	147,053	-	-	-	-	-	-	147,053
Bills receivable	641,132	-	-	496,935	-	-	-	-	-	458	-	-	1,138,525
Islamic trust receipts	34,970	-	-	-	-	-	-	-	-	-	-	-	34,970
Claims on customers under acceptance credits	688,423	-	-	71,233	-	-	-	-	-	-	-	26,397	786,053
Staff financing	-	-	-	-	225,183	-	-	-	24,911	-	-	-	250,094
Revolving credits	-	-	-	-	4,705,217	-	-	-	6,810	-	-	-	4,712,027
Credit card receivables	-	-	-	-	-	-	-	-	-	289,517	145,587	-	435,104
Gross financing, advances and other financing/loans	2,543,918	5,529,355	1,675,345	568,168	70,487,065	1,337,076	12,935,554	73,122	9,701,118	346,469	145,587	26,397	105,369,174
Fair value changes arising from fair value hedge													1,565
													105,370,739
Less: Expected credit losses													(1,573,639)
Net financing, advances and other financing/loans													103,797,100

^A 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.

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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)

	2022 RM'000	2021 RM'000
Gross financing, advances and other financing/loans		
– At amortised cost	125,889,633	105,369,174
	125,889,633	105,369,174

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 2022

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 pledgee (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 RM52,610,000 (2021: RM65,935,000) 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 2022, the gross exposure and expected credit losses relating to RPSIA financing are RM3,577,694,000 (2021: RM3,952,201,000) and RM748,000 (2021: RM1,506,000) respectively, which are recognised in the Financial Statements of CIMB Bank Berhad.

Notes to the Financial Statements

for the financial year ended 31 December 2022

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

	2022 RM'000	2021 RM'000
At 1 January	346,469	254,869
New disbursement	295,412	182,685
Repayment	(156,123)	(97,265)
Exchange fluctuation	(18,571)	6,180
At 31 December	467,187	346,469
Sources and uses of Qard Financing		
Sources of Qard fund:		
Depositors fund	466,307	345,921
Shareholders fund	880	548
	467,187	346,469
Uses of Qard fund:		
Personal use	455,018	338,513
Business use	12,169	7,956
	467,187	346,469

(II) BY TYPE OF CUSTOMERS

	2022 RM'000	2021 RM'000
Domestic non-bank financial institutions	2,793,836	2,390,409
Domestic business enterprises		
– Small medium enterprises	16,532,445	13,129,102
– Others	11,161,025	8,569,603
Government and statutory bodies	1,795,874	1,406,573
Individuals	75,995,936	66,144,694
Other domestic entities	14,793,139	10,807,395
Foreign entities	2,817,378	2,921,398
	125,889,633	105,369,174



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(III) BY PROFIT SENSITIVITY

	2022 RM'000	2021 RM'000
Fixed rate		
– House financing	6,125,065	5,146,410
– Hire purchase receivables	13,815,419	12,294,218
– Other fixed rate financing	12,441,791	9,626,371
Variable rate		
– House financing	39,188,518	32,733,217
– Others	54,318,840	45,568,958
	125,889,633	105,369,174

(IV) BY ECONOMIC PURPOSES

	2022 RM'000	2021 RM'000
Personal use	3,308,788	3,067,600
Credit card	556,670	435,104
Purchase of consumer durables	8,677	10,686
Construction	2,487,963	2,567,430
Residential property	46,085,289	38,941,530
Non-residential property	11,424,553	8,720,457
Purchase of fixed assets other than land and building	4,394,594	3,622,817
Purchase of securities	15,156,435	14,911,564
Purchase of transport vehicles	16,342,166	13,553,411
Working capital	22,932,548	15,922,137
Other purpose	3,191,950	3,616,438
	125,889,633	105,369,174

(V) BY GEOGRAPHICAL DISTRIBUTION

	2022 RM'000	2021 RM'000
Malaysia	109,096,313	91,821,666
Indonesia	14,038,964	10,910,334
Singapore	2,297,658	1,615,488
Hong Kong	4,346	–
China	338,615	292,999
Other countries	113,737	728,687
	125,889,633	105,369,174

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

(VI) BY RESIDUAL CONTRACTUAL MATURITY

	2022 RM'000	2021 RM'000
Within one year	13,387,110	9,219,188
One year to less than three years	3,056,213	2,883,720
Three years to less than five years	9,007,876	7,305,278
Five years and more	100,438,434	85,960,988
	125,889,633	105,369,174

(VII) BY ECONOMIC SECTOR

	2022 RM'000	2021 RM'000
Primary agriculture	4,759,011	3,398,745
Mining and quarrying	916,512	847,692
Manufacturing	5,522,387	4,406,354
Electricity, gas and water supply	1,507,678	1,450,378
Construction	3,672,041	2,770,811
Transport, storage and communications	4,958,507	2,242,568
Education, health and others	2,759,560	2,263,923
Wholesale and retail trade, and restaurants and hotels	7,031,551	4,861,994
Finance, insurance/takaful, real estate and business activities	11,431,534	10,765,315
Household	76,477,473	66,685,002
Others	6,853,379	5,676,392
	125,889,633	105,369,174

(VIII) CREDIT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING/LOANS BY ECONOMIC PURPOSES

	2022 RM'000	2021 RM'000
Personal use	68,878	43,507
Credit cards	13,000	14,726
Purchase of consumer durables	264	–
Residential property	999,516	365,213
Non-residential property	165,763	105,668
Purchase of fixed assets other than land and building	60,097	77,442
Construction	367	672
Purchase of securities	9,149	5,509
Purchase of transport vehicles	165,038	135,640
Working capital	139,157	128,298
Other purpose	81,245	30,722
	1,702,474	907,397



Notes to the Financial Statements

for the financial year ended 31 December 2022

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

	2022 RM'000	2021 RM'000
Malaysia	1,411,589	645,986
Indonesia	273,893	249,749
Singapore	16,992	11,662
	1,702,474	907,397

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

	2022 RM'000	2021 RM'000
Primary agriculture	25,706	21,506
Mining and quarrying	2,251	4,868
Manufacturing	15,253	57,800
Construction	29,701	20,267
Transport, storage and communications	9,608	12,759
Education, health and others	62,074	6,268
Wholesale and retail trade, and restaurants and hotels	169,268	116,376
Finance, insurance/takaful, real estate and business activities	74,233	69,087
Household	1,144,620	470,782
Others	169,760	127,684
	1,702,474	907,397

Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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
Financing, advances and other financing/ loans at amortised cost				
At 1 January 2021	489,055	436,159	399,437	1,324,651
Changes in expected credit losses due to transfer within stages:	318,576	(168,564)	(150,012)	-
Transferred to Stage 1	562,231	(529,668)	(32,563)	-
Transferred to Stage 2	(242,175)	549,989	(307,814)	-
Transferred to Stage 3	(1,480)	(188,885)	190,365	-
Total charge to Statement of Income:	(523,921)	669,781	257,904	403,764
New financial assets originated	80,287	4,738	47,193	132,218
Financial assets that have been derecognised	(44,069)	(30,609)	-	(74,678)
Writeback in respect of full recoveries	-	-	(71,198)	(71,198)
Change in credit risk	(560,139)	695,652	281,909	417,422
Write-offs	-	(4)	(197,986)	(197,990)
Exchange fluctuation	10,535	2,750	1,973	15,258
Transfer from related companies	984	132	2,698	3,814
Other movements	(46)	70	24,118	24,142
At 31 December 2021	295,183	940,324	338,132	1,573,639



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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

	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	1,621,340	1,621,340
Transfer within stages	(362,570)	(362,570)
New financial assets originated	193,876	193,876
Write-offs	(197,986)	(197,986)
Amount fully recovered	(335,549)	(335,549)
Other changes in financing, advances and other financing/loans	(14,341)	(14,341)
Exchange fluctuation	2,627	2,627
At 31 December 2021	907,397	907,397

	2022	2021
Ratio of credit impaired financing to total financing, advances and other financing/loans	1.35%	0.86%

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(h) OTHER ASSETS

	2022 RM'000	2021 RM'000
Deposits and prepayments	3,734,721	1,610,722
Sundry debtors net of expected credit losses*	815,848	1,019,440
Treasury related receivables	97,987	29,645
Collateral pledged for derivative transactions	33,183	49,640
Clearing accounts	20,126	9,454
	4,701,865	2,718,901

* Sundry debtors net of expected credit losses of the group of RM15,921,000 (2021: RM271,000).

(a) Movements of expected credit losses on sundry debtors are as follows:

(i) Under simplified approach

	2022 RM'000	2021 RM'000
At 1 January	271	273
Expected credit losses made/(written back) during the financial year	302	(2)
Write off	(462)	-
At 31 December	111	271

(ii) Under general approach

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 3) RM'000	Total RM'000
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

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

	Lifetime expected credit losses - not credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2022	-	-
Other changes	1,727	1,727
At 31 December 2022	1,727	1,727

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

Stage 1 and Stage 3 ECL increased by RM14 million and RM2 million respectively for the Group due to change in credit risk.



Notes to the Financial Statements

for the financial year ended 31 December 2022

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:

	2022 RM'000	2021 RM'000
Deferred tax assets	190,837	166,320
Deferred tax liabilities	-	-
	190,837	166,320

Further breakdown are as follows:

	2022 RM'000	2021 RM'000
Deferred tax assets		
Expected credit losses	124,819	123,601
Property, plant and equipment	(59)	(137)
Fair value reserve – Debt instruments at fair value through other comprehensive income	47,809	28,495
Other temporarily differences	6	191
Lease liability	288	427
Provision for expenses	18,328	14,498
	191,191	167,075
Offsetting	(354)	(755)
	190,837	166,320
Deferred tax liabilities		
Intangible assets	(114)	(369)
Rights-of-use assets	(240)	(386)
	(354)	(755)
Offsetting	354	755
	-	-

Notes to the Financial Statements

for the financial year ended 31 December 2022

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:

		Fair value reserve – Debt instruments at fair value through other comprehensive income								
		Expected credit losses	Accelerated depreciation	Other temporary differences	Right-of-use assets	Intangible assets	Lease liability	Provision for expenses	Total	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Deferred tax assets/(liabilities)	Note									
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
(Under)/over 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
2021										
At 1 January		90,886	148	(9,286)	294	(532)	(691)	568	12,508	93,895
Credited/(charged) to statement of income	(ak)	36,501	1	-	(103)	146	39	(141)	1,993	38,436
(Under)/over provision in prior year		(3,786)	(286)	-	-	-	283	-	(3)	(3,792)
Transferred to equity		-	-	37,781	-	-	-	-	-	37,781
At 31 December 2021		123,601	(137)	28,495	191	(386)	(369)	427	14,498	166,320



Notes to the Financial Statements

for the financial year ended 31 December 2022

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

	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

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(k) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Renovations, work-in- progress, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computer equipment and hardware RM'000	Total RM'000
2021				
Cost				
At 1 January	11,109	508	22,293	33,910
Additions	2,419	–	1,184	3,603
Disposals	(2,766)	–	(730)	(3,496)
Exchange fluctuation	152	–	56	208
At 31 December	10,914	508	22,803	34,225
Accumulated depreciation				
At 1 January	8,546	400	21,927	30,873
Charge for the financial year	932	78	259	1,269
Disposals	(1,179)	–	(667)	(1,846)
Exchange fluctuation	112	–	52	164
At 31 December	8,411	478	21,571	30,460
Net book value at 31 December	2,503	30	1,232	3,765

No work-in-progress for the Group in 2022 and 2021.

(l) RIGHT-OF-USE ASSETS

Carrying amount of Right-of-use assets by class of underlying assets are as follows:

	2022 RM'000	2021 RM'000
Buildings	2,788	3,956

There are additions to the Right-of-use assets during the financial year of RM420,000 (2021: RM295,000). Depreciation charge during the financial year for Right-of-use assets are RM1,437,000 (2021: RM1,498,000).

At 31 December 2022, the variable lease payment expense and low-value leases expense that are not included in lease liabilities are RM817,000 (2021: RM1,221,000) and RMNil (2021: RM174) respectively.

(m) GOODWILL

	2022 RM'000	2021 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 2022

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 2023 financial budgets approved by the Board of Directors, projected for four years (2023 to 2026) 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 3.83% (2021: 4.06%). 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 11.29% (2021: 9.17%). The discount rate is pre-tax and reflects the specific risks relating to the CGU.

The recoverable amount is assessed by incorporating multiple scenarios with variation in the assumptions used including discount rate and haircut on the cash flow projections, to allow assessment on the sensitivity of goodwill recoverable amount taking into consideration assumed probabilities of different future events and/or scenarios.

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 2022 and 31 December 2021.

(n) INTANGIBLE ASSETS

	2022 RM'000	2021 RM'000
Computer software		
Cost		
At 1 January	148,128	147,403
Additions	2,869	1,435
Disposals	(314)	(912)
Reclassified from property, plant and equipment (k)	82	-
Exchange fluctuation	(230)	202
At 31 December	150,535	148,128
Accumulated amortisation		
At 1 January	125,467	87,264
Charge for the financial year	21,288	38,625
Disposal	-	(541)
Exchange fluctuation	(185)	119
At 31 December	146,570	125,467
Net book value at 31 December	3,965	22,661

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 RM1,138,677,000 (2021: RM331,792,000).

During the financial year, the Group revised the remaining useful lives of some software intangible assets ranging from 6 years to 7 years, to remaining useful lives ranging from 6 months to 7 months due to technology changes/developments. The revision was accounted for as a change in accounting estimate and as a result, the amortisation charge for the financial year has increased by RM29 million for the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(o) DEPOSITS FROM CUSTOMERS

(I) BY TYPE OF DEPOSITS

	2022 RM'000	2021 RM'000
Savings deposit		
Wadiah	817,990	847,570
Mudharabah	2,531,044	2,312,875
Commodity Murabahah (via Tawarruq arrangement)*	7,802,926	7,612,717
	11,151,960	10,773,162
Demand deposit		
Wadiah	1,488,856	1,120,097
Qard	15,020,156	14,512,297
Mudharabah	1,155,818	305,352
Commodity Murabahah (via Tawarruq arrangement)*	4,644,456	5,262,989
	22,309,286	21,200,735
Term deposit	78,922,360	72,629,090
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	47,017,544	45,604,331
Fixed Return Income Account-i (via Tawarruq arrangement)*	31,309,442	26,576,472
Negotiable Islamic Debt Certificate (NIDC)		
Hybrid (Bai' Bithamin Ajil (BBA) and Bai' al-Dayn)	595,374	448,287
Fixed Deposit-i	5,439,716	7,683,047
Wadiah	148	123
Mudharabah	5,439,568	7,682,924
Specific investment account	100,638	99,600
Mudharabah	100,638	99,600
Others	104,899	48,218
Qard	104,899	48,218
	118,028,859	112,433,852

*Included Qard contract of RM5,066,445,000 (2021: RM4,314,834,000)



Notes to the Financial Statements

for the financial year ended 31 December 2022

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:

	2022 RM'000	2021 RM'000
Due within six months	74,111,010	69,969,746
Six months to one year	9,095,615	10,268,016
One year to three years	378,318	144,843
Three years to five years	852,999	5,473
More than five years	24,772	23,659
	84,462,714	80,411,737

(III) BY TYPE OF CUSTOMER

	2022 RM'000	2021 RM'000
Government and statutory bodies	7,050,474	4,880,194
Business enterprises	45,908,468	44,663,839
Individuals	37,416,362	33,810,686
Others	27,653,555	29,079,133
	118,028,859	112,433,852

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:

- Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.
- 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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(o) DEPOSITS FROM CUSTOMERS (CONTINUED)

(III) BY TYPE OF CUSTOMER (CONTINUED)

MUDHARABAH (CONTINUED)

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.

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	2022 RM'000	2021 RM'000
Unrestricted investment accounts (Mudharabah)			
– without maturity			
Special Mudharabah Investment Account		1,252,671	892,710
– with maturity			
Term Investment Account-i		11,902,747	9,023,282
Unrestricted investment accounts (Wakalah)			
– without maturity			
Daily Investment Account-i		27,548	48,844
Restricted investment accounts (Mudharabah)			
– with maturity			
Restricted Profit Sharing Investment Account (RPSIA)		501,666	462,331
	22	13,684,632	10,427,167



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(p) INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(I) MOVEMENT IN THE INVESTMENT ACCOUNTS OF CUSTOMERS

	2022				2021			
	Mudharabah		Wakalah		Mudharabah		Wakalah	
	Unrestricted Investment Account	Restricted Investment Account	Unrestricted Investment Account	Total	Unrestricted Investment Account	Restricted Investment Account	Unrestricted Investment Account	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	9,915,992	462,331	48,844	10,427,167	2,678,870	-	-	2,678,870
<i>Funding inflows/ outflows</i>								
New placement during the financial year	17,539,488	-	22,151	17,561,639	9,951,656	448,997	49,368	10,450,021
Redemption during the year	(14,558,336)	-	(43,467)	(14,601,803)	(2,817,129)	-	(525)	(2,817,654)
Income from investment	419,927	40,271	800	460,998	225,371	13,971	26	239,368
<i>Company's share of profit</i>								
Profit distributed to mudarib	(161,653)	(328)	(780)	(162,761)	(122,776)	(140)	(25)	(122,941)
Incentive fee	-	(608)	-	(608)	-	(497)	-	(497)
At 31 December	13,155,418	501,666	27,548	13,684,632	9,915,992	462,331	48,844	10,427,167
<i>Investment asset:</i>								
House financing	2,952,815	-	-	2,952,815	2,179,136	-	-	2,179,136
Hire purchase receivables	8,871,451	-	-	8,871,451	6,829,206	-	-	6,829,206
Other term financing	1,331,152	-	27,548	1,358,700	907,650	-	48,844	956,494
Marketable securities	-	500,197	-	500,197	-	461,761	-	461,761
Miscellaneous Other Assets	-	1,469	-	1,469	-	570	-	570
Total investment	13,155,418	501,666	27,548	13,684,632	9,915,992	462,331	48,844	10,427,167

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(p) INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(II) PROFIT SHARING RATIO AND RATE OF RETURN

	2022 Investment account holder		2021 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	5.32	0.14	3.12	0.08
less than 1 year	43.87	1.83	56.94	2.03

	2022 Investment account holder			2021 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	2.75	1.08	99.00	2.10	1.28

(III) BY TYPE OF CUSTOMERS

	2022 RM'000	2021 RM'000
Business enterprises	1,916,959	1,233,940
Individuals	11,521,762	9,179,078
Others	245,911	14,149
	13,684,632	10,427,167

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 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(q) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2022 RM'000	2021 RM'000
Licensed banks	10,655,492	3,595,142
Licensed investment banks	572,975	387,882
Bank Negara Malaysia	5,000	5,000
Other financial institutions	455,850	456,530
	11,689,317	4,444,554

(r) INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	2022 RM'000	2021 RM'000
Restricted investment accounts Mudharabah	3,576,590	3,919,753
By type of counterparty Licensed banks	3,576,590	3,919,753

(I) MOVEMENT IN THE INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	2022 RM'000	2021 RM'000
At 1 January	3,919,753	4,751,241
<i>Funding inflows/outflows</i>		
New placement during the year	-	424,332
Redemption during the year	(432,522)	(1,348,381)
Income from investment	134,652	156,469
<i>CIMB Islamic Bank's share of profit</i>		
Profit distributed to mudarib	(1,347)	(1,565)
Incentive fee	(43,946)	(62,343)
At 31 December	3,576,590	3,919,753
<i>Investment asset:</i>		
Other term financing	3,254,059	3,440,943
Marketable securities	(145,733)	56,573
Miscellaneous other assets	468,264	422,237
Total investment	3,576,590	3,919,753

Notes to the Financial Statements

for the financial year ended 31 December 2022

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

	2022			2021		
	Investment account holder			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	2.75	1.08	99.00	2.11	1.32

These placements are the Restricted Profit Sharing Investment Account ("RPSIA") placed by CIMB Bank Berhad amounting to RM3,576,590,000 (2021: RM3,919,753,000) for tenures within 1 month (2021: within 1 month) at indicative profit rates from 3.01% to 3.93% per annum (2021: 1.75% to 2.28% per annum). 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

	2022 RM'000	2021 RM'000
Deposits from customers – structured investments	2,857,004	799,686

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 2022 was RM222,678,000 (2021: RM39,988,000) 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

	2022 RM'000	2021 RM'000
Clearing accounts	6,644,980	3,764,772
Structured deposits	21,100	28,833
Accruals and other payables	86,735	58,847
Expected credit losses for loan commitments and financial guarantee contracts (I)	76,840	126,524
Others	7,622,027	4,288,814
	14,451,682	8,267,790



Notes to the Financial Statements

for the financial year ended 31 December 2022

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 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
At 1 January 2021	59,912	33,152	7,011	100,075
Changes in expected credit losses due to transfer within stages:	31,152	(27,109)	(4,043)	-
Transferred to Stage 1	36,251	(33,508)	(2,743)	-
Transferred to Stage 2	(5,054)	10,020	(4,966)	-
Transferred to Stage 3	(45)	(3,621)	3,666	-
Total charge to Statement of Income:	(13,971)	36,632	3,328	25,989
New exposures	70,482	129	-	70,611
Exposures derecognised or matured	(37,771)	(16,971)	(4,216)	(58,958)
Change in credit risk	(46,682)	53,474	7,544	14,336
Exchange fluctuation	264	169	27	460
Other movements	(40)	28	12	-
At 31 December 2021	77,317	42,872	6,335	126,524

The gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM46,290,000 (2021: RM15,517,000).

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(u) LEASE LIABILITIES

	2022 RM'000	2021 RM'000
Buildings	2,261	4,398

(v) SUKUK

	2022 RM'000	2021 RM'000
IDR2,000,000 million Sukuk (Series A: 2019/2020; Series B: 2019/2022, Series C: 2019/2024) (a)	121,883	402,062
IDR1,000,000 million Sukuk (Series A: 2020/2021; Series B: 2020/2023; Series C: 2020/2025) (b)	191,095	197,982
	312,978	600,044

- (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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(w) SUBORDINATED SUKUK

		2022 RM'000	2021 RM'000
Subordinated Sukuk 2017/2027 RM300 million	(a)	-	300,155
Subordinated Sukuk 2019/2029 RM800 million	(b)	807,973	807,890
Subordinated Sukuk 2022/2032 RM300 million	(c)	301,369	-
		1,109,342	1,108,045

- (a) On 28 December 2017, CIMB Islamic had issued RM300 million Tier 2 Junior Sukuk ("Sukuk") at par and is due on 28 December 2027, with optional redemption on 28 December 2022 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.70% 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 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 CIMB Islamic.

On 28 December 2022, CIMB Islamic redeemed its existing RM300 million Tier 2 Junior Sukuk issued from the RM5 billion Tier 2 Junior Sukuk Programme on the first call date.

- (b) 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.

- (c) 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.

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(x) ORDINARY SHARE CAPITAL AND PERPETUAL PREFERENCE SHARES

	2022 RM'000	2021 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	420,000	420,000
Redemption during the financial year	(70,000)	–
At 31 December	350,000	420,000

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.

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.



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(z) RESTRICTED AGENCY INVESTMENT ACCOUNT

- (l) 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

	2022 RM'000	2021 RM'000
Financing and advances	11,280,429	10,248,755
Commitments and contingencies	3,000,000	2,500,000
	14,280,429	12,748,755
	2022 RM'000	2021 RM'000
Total RWA for Credit Risk	857,557	1,227,746

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 2022

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

	2022 RM'000	2021 RM'000
At 1 January	10,248,755	5,030,980
<u>Funding inflows/outflows</u>		
New placement during the year	1,500,000	5,200,000
Redemption during the year	(272,945)	–
Income from investment	(195,381)	17,775
At 31 December	11,280,429	10,248,755
<u>Investment asset:</u>		
Syndicated financing	1,532,275	–
Revolving credit	701,354	1,201,933
Other term financing	9,046,800	9,046,822
Total investment	11,280,429	10,248,755

(III) Rate of Return

	Investment account holder Average rate of return	
	2022 (%)	2021 (%)
Restricted investment accounts:		
1 month or less	2.63	–
more than 1 month to 3 months	2.72	1.45
more than 3 months to 6 months	2.80	2.44
more than 4 years to 5 years	3.62	3.51
more than 5 years	4.15	4.24



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(aa) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	2022 RM'000	2021 RM'000
Income derived from investment of:		
(i) General investment deposits	4,028,532	3,566,031
(ii) Specific investment deposits	2,377	1,924
(iii) Other deposits	1,186,613	970,754
	5,217,522	4,538,709
(i) Income derived from investment of general investment deposits		
	2022 RM'000	2021 RM'000
Finance income and hibah:		
Financing, advances and other financing/loans		
– Profit income	3,223,417	2,867,405
– Unwinding income*	18,423	23,118
Money at call and deposit with financial institutions	268,792	164,301
Debt instruments at fair value through other comprehensive income	139,034	115,781
Debt instrument at amortised cost	225,247	244,569
Others	2,930	7
	3,877,843	3,415,181
Accretion of discount less amortisation of premium	(25,499)	(26,798)
Other finance income for financial assets at fair value through profit or loss		
– Financial investments at fair value through profit or loss	47,749	41,561
– Financing, advances and other financing/loan at fair value through profit or loss	-	908
– Net accretion of discount less amortisation of premium	36,583	62,277
Total finance income and hibah	3,936,676	3,493,129
Other operating income:		
Foreign exchange loss	(39,832)	(68,310)
Net gain from sale of debt instruments at fair value through other comprehensive income	13,252	32,066
Net unrealised gain/(loss) arising from financing, advances and other financings at fair value through profit or loss	-	3,603
Net gain/(loss) arising from financial investments at fair value through profit or loss		
– Realised	2,798	4,075
– Unrealised	(827)	(6,123)
	(24,609)	(34,689)
Fees and commission income:		
Fee on financing and advances	71,363	69,808
Guarantee fees	14,352	10,114
Service charges and fees	22,068	22,393
Other fee income	7,198	4,695
	114,981	107,010
Other income	1,484	581
	4,028,532	3,566,031

* Unwinding income is income earned on credit impaired financial assets

Notes to the Financial Statements

for the financial year ended 31 December 2022

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

	2022 RM'000	2021 RM'000
Money at call and deposit with financial institutions	2,377	1,924
	2,377	1,924

(iii) Income derived from investment of other deposits

	2022 RM'000	2021 RM'000
Finance income and hibah:		
Financing, advances and other financing/loans		
– Profit income	918,802	752,001
– Unwinding income*	7,450	8,397
Money at call and deposit with banks and other financial institutions	93,853	57,337
Reverse Collateralised Commodity Murabahah	1,067	3
Debt instruments at fair value through other comprehensive income	53,387	40,164
Debt instrument at amortised cost	92,163	89,682
	1,166,722	947,584
Accretion of discount less amortisation of premium	(9,655)	(9,065)
	1,157,067	938,519
Other finance income for financial assets at fair value through profit or loss		
– Financial investments at fair value through profit or loss	19,768	15,290
– Financing, advances and other financing/loans at fair value through profit or loss	–	310
– Net accretion of discount less amortisation of premium	15,109	22,705
Total finance income and hibah	1,191,944	976,824



Notes to the Financial Statements

for the financial year ended 31 December 2022

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)

	2022 RM'000	2021 RM'000
Other operating income:		
Foreign exchange loss	(7,634)	(20,391)
Net (loss)/gain from sale of debt instruments at fair value through other comprehensive income	(4,401)	11,281
Net unrealised gain arising from financing, advances and other financings at fair value through profit or loss	-	1,228
Net gain/(loss) from financial investments at fair value through profit or loss		
- Realised	574	1,273
- Unrealised	86	(2,303)
	(11,375)	(8,912)
Fees and commission income:		
Advisory fees	18	-
Placement fees	802	-
Guarantee fees	4,859	2,827
Service charges and fees	53	50
Underwriting fees	42	-
Other fee income	497	-
Fee and commission income	6,271	2,877
Fee and commission expense	(213)	-
Net fees and commission expense	6,058	2,877
Other income	(14)	(35)
	6,044	2,842
	1,186,613	970,754

* Unwinding income is income earned on credit impaired financial assets

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ab) INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT

	2022 RM'000	2021 RM'000
Financing, advances and other financing/loans:		
– Profit income	704,899	383,615
– Unwinding income*	61	3
Debt instrument at amortised cost	25,989	8,372
Money at call and deposit with financial institutions	137	3,548
	731,086	395,538
Accretion of discount less amortisation of premium	6,845	5,598
	737,931	401,136
Other operating income		
Net gain from foreign exchange transactions	1	1
	1	1
Fees and commission income		
– Service charges and fees	987	247
Other income	1	–
	738,920	401,384

* Unwinding income is income earned on credit impaired financial assets

(ac) NET INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	2022 RM'000	2021 RM'000
Finance income and hibah:		
Financing, advances and other financing/loans		
– Profit income	234,238	194,294
– Unwinding income*	1,825	2,136
Money at call and deposit with financial institutions	25,865	14,655
Debt instruments at fair value through other comprehensive income	58,853	78,573
Debt instrument at amortised cost	85,455	92,669
Reverse Collateralised Commodity Murabahah	255	1
	406,491	382,328
Accretion of discount less amortisation of premium	(8,131)	(6,027)
	398,360	376,301
Other finance income for financial assets at fair value through profit or loss		
– Financial investments at fair value through profit or loss	4,914	3,854
– Financing, advances and other financing/loans at fair value through profit or loss	–	81
– Net accretion of discount less amortisation of premium	3,773	5,759
Total finance income and hibah	407,047	385,995

* Unwinding income is income earned on credit impaired financial assets



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ac) NET INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS (CONTINUED)

	2022 RM'000	2021 RM'000
Other operating income:		
Net gain from hedging activities	699	460
Foreign exchange loss	(5,683)	(6,299)
Net gain from sale of debt instruments at fair value through other comprehensive income	(1,116)	2,922
Net unrealised gain/(loss) arising from financing, advances and other financings at fair value through profit or loss	-	323
Net gain/(loss) arising from financial investments at fair value through profit or loss		
– Realised	1,490	1,333
– Unrealised	2	(641)
Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss		
– Realised	(9,878)	(4,218)
– Unrealised	182,574	39,343
Net gain/(loss) arising from Islamic derivative financial instrument		
– Realised	219,455	138,442
– Unrealised	(285,527)	(10,189)
	102,016	161,476
Net fees and commission income:		
Advisory fees	496	350
Guarantee fees	1,200	716
Service charges and fees	115,197	70,111
Placement fees	22,613	5,335
Underwriting commission	1,193	602
Other fee income	168,474	173,652
Fee and commission income	309,173	250,766
Fee and commission expense	(25,196)	(26,310)
Net fees and commission income	283,977	224,456
Other income	3,905	1,474
	796,945	773,401

Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ad) MODIFICATION LOSS

	2022 RM'000	2021 RM'000
Loss on modification of cash flows	2,845	95,749

In light of the Covid-19 outbreak, BNM and the Malaysian Ministry of Finance have introduced several relief measures to assist customers affected by the pandemic. These measures aim to ensure that the financial intermediation function of the financial sector remains intact, accessibility to financial services continues to be available, and banking institutions remain focused on supporting the economy during these exceptional circumstances.

During the previous financial year, the Group granted various payment moratorium, repayment assistance, restructuring and rescheduling programmes to the customers affected by COVID-19. As a result, the Group has recognised a loss arising from the modification of contractual cash flows of the financing, advances and other financing/loans.

(ae) EXPECTED CREDIT LOSS ON FINANCING, ADVANCES AND OTHER FINANCING/LOANS

	2022 RM'000	2021 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	631,573	403,764
Credit impaired financing, advances and other financing/loans:		
– Recovered	(95,491)	(101,407)
– Written-off	2,103	1,590
	538,185	303,947

(af) OTHER EXPECTED CREDIT LOSSES (WRITTEN BACK)/MADE

	2022 RM'000	2021 RM'000
Other expected credit losses made/(written back) on:		
– Debt instrument at fair value through other comprehensive income	(2,090)	1,232
– Debt instrument at amortised cost	(271)	447
– Money at call and deposits and placements with banks and other financial institutions	269	–
– Other receivables	16,210	(20)
– Other	(33)	34
	14,085	1,693



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ag) INCOME ATTRIBUTABLE TO DEPOSITORS AND OTHERS

	2022 RM'000	2021 RM'000
Deposits from customers		
– Mudharabah	228,630	225,112
– Non-Mudharabah	1,907,496	1,604,896
– Others	24,850	18,007
Deposits and placements of banks and other financial institutions		
– Mudharabah	142	348
– Non-Mudharabah	202,629	39,120
– Others	41,352	61,504
Financial liabilities designated at fair value through profit or loss	49,464	8,293
Subordinated Sukuk	45,315	44,428
Sukuk	–	2,678
Structured deposits	183	189
Lease liabilities	230	377
Collateralised Commodity Murabahah	30,897	7,366
Others	9	26
	2,531,197	2,012,344

(ah) PROFIT DISTRIBUTED TO INVESTMENT ACCOUNT HOLDER

	2022 RM'000	2021 RM'000
Restricted	121,256	105,895
Unrestricted	258,300	102,594
	379,556	208,489

(ai) PERSONNEL EXPENSES

	2022 RM'000	2021 RM'000
Salaries, allowances and bonuses ²	63,024	50,682
Pension costs (defined contribution plan)	5,744	5,079
Staff incentives and other staff payments	5,281	5,244
Medical expenses	632	665
Share-based expense ¹	1,570	944
Others	3,419	3,033
	79,670	65,647

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 48.

² Included in salaries, allowances and bonuses is shared-based payment expense (EOP) of RM199,410 (2021: RM692,658) for the Group. Refer note 48.

Included in the personnel costs are fees paid to the Shariah Committee members amounting to RM959,000 (2021: RM887,000).



Notes to the Financial Statements

for the financial year ended 31 December 2022

58 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(aj) OTHER OVERHEADS AND EXPENDITURES

	2022 RM'000	2021 RM'000
Establishment costs		
– Depreciation of property, plant and equipment	1,380	1,269
– Rental	766	1,454
– Repairs and maintenance	1,106	2,555
– Depreciation of Right-of-use assets	1,437	1,498
– Amortisation of intangible assets	21,288	38,625
– Security expenses	921	933
– Utility expenses	518	566
– Others	3,961	2,183
	31,377	49,083
Marketing expenses		
– Advertisement and publicity	10,173	5,764
– Others	332	223
	10,505	5,987
Administration and general expenses		
– Legal and professional fees	4,114	3,449
– Stationery	398	558
– Communication	203	266
– Incidental expenses on banking operations	4,066	3,854
– Service expense	1,112,520	1,016,364
– Others	20,338	29,879
	1,141,639	1,054,370
	1,183,521	1,109,440

(ak) TAXATION AND ZAKAT

(I) TAX EXPENSE FOR THE FINANCIAL YEAR

	Note	2022 RM'000	2021 RM'000
Current year tax			
– Malaysian income tax		499,455	350,057
Deferred taxation	(i)	(5,214)	(38,436)
Under/(over) provision in prior year		898	(1,007)
		495,139	310,614
Zakat		9,360	5,060
		504,499	315,674



Notes to the Financial Statements

for the financial year ended 31 December 2022

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:

	2022 RM'000	2021 RM'000
Profit before taxation and zakat	2,072,996	1,890,196
Tax calculated at tax rate of 24% & 33% (2021: 24%)	623,665	453,647
– Effect of different tax rates	(115,460)	(132,211)
– Income not subject to tax	(17,008)	(25,803)
– Expenses not deductible for tax purposes	11,573	17,581
– difference due to Cukai Makmur	898	(1,593)
– Over provision in prior year	(8,529)	(1,007)
	495,139	310,614

(al) SOURCES AND USES OF CHARITY FUNDS

	2022 RM'000	2021 RM'000
Sources of charity funds		
Balance as at 1 January	6,884	6,776
Gharamah/penalty charges	2,787	935
Non-shariah compliance income	127	175
Exchange fluctuation	(386)	160
Total sources of charity funds during the financial year	9,412	8,046
Uses of charity funds		
Contribution to non-profit organisation	1,803	1,162
Total uses of charity funds during the financial year	1,803	1,162
Undistributed charity funds as at 31 December	7,609	6,884

59 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 8 March 2023.

- CIMB Bank Group
- CIMB Islamic Bank Group
- CIMB Investment Bank Group

Basel II Pillar 3 Disclosure for 2022

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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 2022 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 2022.

The basis of consolidation for financial accounting purposes is described in the 2022 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 2021 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 2022 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.



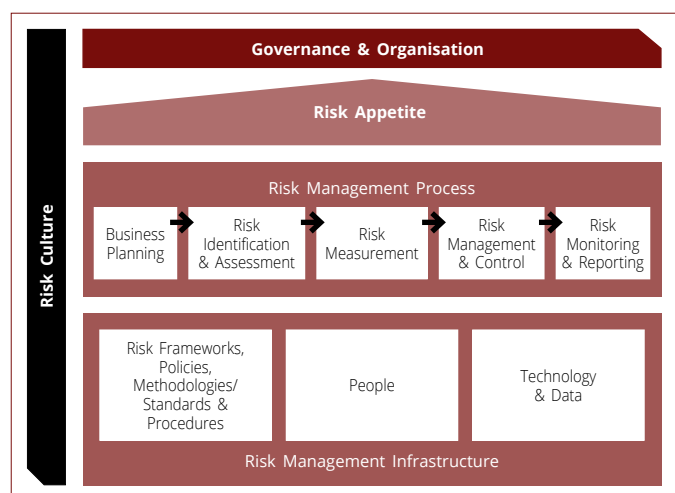
Risk Management Overview

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:

- 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.
- 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.
- 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.
- 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.

Risk Management Overview

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK (CONTINUED)

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.
- **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 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;

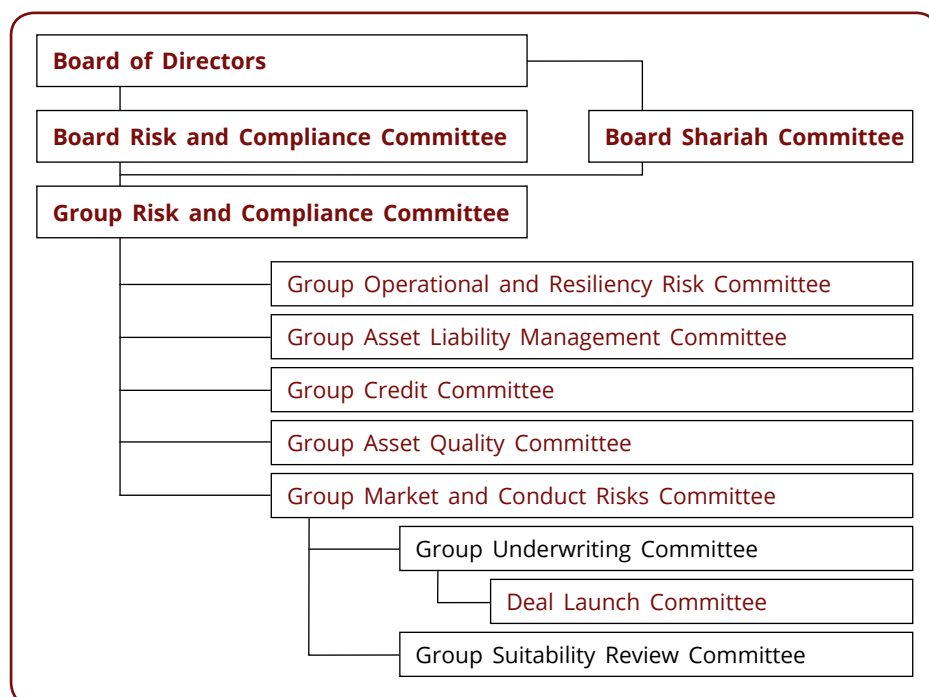
- (ii) Market risk, defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (iii) Liquidity and Funding risk, defined 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 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; and
- (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.



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 five 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.

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.

Risk Management Overview

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), 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/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.

• 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, calculating Value-at-Risk and market risk capital, as well as performing stress testing.

• NON-FINANCIAL RISK MANAGEMENT COE

The Non-Financial Risk Management (NFRM) CoE ensures the first line-of-defence manages their operational risk by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks.

The team also provides constructive challenge and assessment to the first line-of-defence's execution of the operational risk framework and acts as a consultant with the Group in providing operational risk expertise and reporting to senior management.



Risk Management Overview

The 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 extend 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 SCEL regulatory requirements, including implementation and validation of risk models, and management of risk data for credit risk measurement and risk reporting across the Group. In addition, the CoE will develop and implement regional initiatives to manage and monitor climate-related risks in support of the Group's 2050 Net-Zero ambition.

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. For instance, a Climate Risk unit was established under the Enterprise Risk and Infrastructure CoE in 2022 to develop and provide a holistic climate risk management framework to monitor and manage the Group's exposure to climate-related physical and transition risks through relevant policies and procedures, risk appetite, climate scenario analysis and stress testing, as well as data analytics.

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 Research, Advisory and Secretariat 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 provide Shariah advisory and conduct in-depth Shariah research prior to submission to CIMB 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 2022, there was no SNC income.



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 9 December 2020. The revised guidelines took effect on 9 December 2020 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 3 May 2019. 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

(RM'000)	CIMBBG	
	2022	2021
Common Equity Tier 1 capital		
Ordinary share capital	22,979,762	21,855,078
Other reserves	25,403,623	23,443,428
Qualifying non-controlling interests	163,682	147,833
Less: Proposed dividends	(980,868)	(651,012)
Common Equity Tier 1 capital before regulatory adjustments	47,566,199	44,795,327
Less: Regulatory adjustments		
Goodwill	(3,938,393)	(3,934,802)
Intangible assets	(1,155,311)	(1,205,099)
Deferred tax assets	(1,379,682)	(1,282,904)
Regulatory reserve	(417,996)	(129,196)
Others	79,367	52,342
Common Equity Tier 1 capital after regulatory adjustments	40,754,184	38,295,668
Additional Tier 1 capital		
Perpetual preference shares	–	200,000
Perpetual subordinated capital securities	1,750,000	1,750,000
Qualifying capital instruments held by third parties	33,305	29,851
Additional Tier 1 capital before regulatory adjustments	1,783,305	1,979,851
Less: Regulatory adjustments		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	–	–
Additional Tier 1 capital after regulatory adjustments	1,783,305	1,979,851
Total Tier 1 capital	42,537,489	40,275,519



Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 1(A): CAPITAL POSITION FOR CIMBBG (CONTINUED)

(RM'000)	CIMBBG	
	2022	2021
Tier 2 capital		
Subordinated obligations	7,800,000	6,800,000
Redeemable preference shares	-	29,740
Surplus of eligible provisions over expected loss	1,011,769	907,105
Qualifying capital instruments held by third parties	256,863	239,953
General provisions	773,228	754,863
Tier 2 capital before regulatory adjustments	9,841,860	8,731,661
<u>Less: Regulatory adjustments</u>		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	-	-
Total Tier 2 capital after regulatory adjustments	9,841,860	8,731,661
Total capital	52,379,349	49,007,180
RWA		
Credit risk	230,486,378	211,573,137
Market risk	12,840,883	16,357,473
Large exposure risk requirement	1,194,330	891,987
Operational risk	24,673,585	23,371,960
Total RWA	269,195,176	252,194,557
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 ratio	15.504%	15.443%
Tier 1 ratio	16.166%	16.228%
Total Capital ratio	19.822%	19.690%
After deducting proposed dividend		
Common Equity Tier 1 ratio	15.139%	15.185%
Tier 1 ratio	15.802%	15.970%
Total Capital ratio	19.458%	19.432%

Total Capital ratio increased in 2022 compared to 2021 primarily due to (i) higher retained earnings, (ii) higher paid-up capital arising from reinvestment by CIMBGH & CIMBG pursuant to the completion of Dividend Reinvestment Scheme (DRS) for FY2022 First Interim Dividend, (iii) issuance of RM2.5 billion Sukuk Wakalah, (iv) lower Market RWA; offset by (v) higher Credit RWA, (vi) redemption of RM1.5 billion T2 Subordinated Debt, (vii) higher FVOCI loss and (viii) proposed dividend.

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 1(B): CAPITAL POSITION FOR CIMBISLG

(RM'000)	CIMBISLG	
	2022	2021
Common Equity Tier 1 capital		
Ordinary share capital	1,000,000	1,000,000
Other reserves	7,306,291	6,366,441
Common Equity Tier 1 capital before regulatory adjustments	8,306,291	7,366,441
Less: Regulatory adjustments		
Goodwill	(136,000)	(136,000)
Intangible assets	(1,385)	(19,104)
Deferred tax assets	(188,997)	(173,602)
Regulatory reserve	(184,715)	–
Others	(112)	4
Common Equity Tier 1 capital after regulatory adjustments	7,795,082	7,037,739
Additional Tier 1 capital		
Perpetual preference shares	350,000	357,000
Additional Tier 1 capital before regulatory adjustments	350,000	357,000
Less: Regulatory adjustments	–	–
Additional Tier 1 capital after regulatory adjustments	350,000	357,000
Total Tier 1 capital	8,145,082	7,394,739
Tier 2 capital		
Subordinated Sukuk	1,100,000	1,100,000
Surplus of eligible provisions over expected loss	153,480	215,326
General provisions	83,450	71,643
Total Tier 2 capital	1,336,930	1,386,969
Total capital	9,482,012	8,781,708
RWA		
Credit risk	50,149,895	41,619,100
Market risk	586,305	802,478
Operational risk	4,784,999	4,159,336
Total RWA	55,521,199	46,580,914
Capital Adequacy Ratios		
Common Equity Tier 1 ratio	14.040%	15.109%
Tier 1 ratio	14.670%	15.875%
Total Capital ratio	17.078%	18.853%

Total Capital ratio decreased in 2022 compared to 2021 mainly due to (i) higher RWA, (ii) higher FVOCI losses, (iii) lower surplus of EP over EL; offset by (iv) higher retained earnings. The increase in RWA is mainly due to higher Credit RWA and higher Operational RWA.



Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 1(C): CAPITAL POSITION FOR CIMBIBG

(RM'000)	CIMBIBG	
	2022	2021
Common Equity Tier 1 capital		
Ordinary share capital	100,000	100,000
Other reserves	495,742	510,698
Less: Proposed dividends	(17,720)	(30,480)
Common Equity Tier 1 capital before regulatory adjustments	578,022	580,218
Less: Regulatory adjustments		
Deferred tax assets	(14,642)	(11,431)
Deductions in excess of Tier 2 capital	-	-
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(4,395)	(7,169)
Intangible assets	(30,063)	(31,659)
Regulatory reserve	-	(93)
Common Equity Tier 1 capital after regulatory adjustments/total Tier 1 capital	528,922	529,866
Tier 2 capital		
Redeemable preference shares	-	1
Regulatory reserve	-	93
Tier 2 capital before regulatory adjustments	-	94
Less: Regulatory adjustments		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	-	-
Total Tier 2 capital after regulatory adjustments	-	94
Total capital	528,922	529,960
RWA		
Credit risk	134,947	117,258
Market risk	24,341	32,214
Operational risk	399,559	450,794
Total RWA	558,847	600,266
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 ratio	97.816%	93.350%
Tier 1 ratio	97.816%	93.350%
Total Capital ratio	97.816%	93.365%
After deducting proposed dividend		
Common Equity Tier 1 ratio	94.645%	88.272%
Tier 1 ratio	94.645%	88.272%
Total Capital ratio	94.645%	88.288%

Total Capital ratio increased in 2022 compared to 2021 mainly due to lower RWA arising from lower Operational 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
2022

(RM'000) Exposure Class	CIMBBG				
	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

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(A): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBBG (CONTINUED)
2021

(RM'000) Exposure Class	CIMBBG				
	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	88,609,102	88,609,102	731,786	731,786	58,543
Public Sector Entities	9,914,829	9,914,754	832,862	832,862	66,629
Banks, DFIs & MDBs	10,828,076	10,827,594	4,483,055	4,483,055	358,644
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	4,472,692	4,428,015	2,932,672	2,932,672	234,614
Corporate	27,754,110	23,300,784	20,846,063	20,785,163	1,662,813
Regulatory Retail	31,035,102	29,058,206	19,111,210	18,898,553	1,511,884
Residential Mortgages/RRE Financing	11,742,976	11,740,370	5,620,027	5,613,634	449,091
Higher Risk Assets	1,753,206	1,753,206	2,629,810	2,629,810	210,385
Other Assets	14,931,598	14,931,598	3,385,268	3,385,268	270,821
Securitisation	480,627	480,627	96,125	96,125	7,690
Equity Exposure	83	83	83	83	7
Total for SA	201,522,402	195,044,338	60,668,961	60,389,011	4,831,121
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	22,714,619	22,714,619	5,970,634	5,970,634	477,651
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	139,665,972	139,665,972	88,247,518	88,166,101	7,053,288
Residential Mortgages/RRE Financing	100,874,916	100,874,916	20,040,171	19,768,873	1,581,510
Qualifying Revolving Retail	11,347,912	11,347,912	6,709,313	6,709,313	536,745
Hire Purchase	19,436,199	19,436,199	14,375,458	10,614,794	849,184
Other Retail	54,063,956	54,063,956	11,401,525	11,396,818	911,745
Securitisation	–	–	–	–	–
Total for IRB Approach	348,103,574	348,103,574	146,744,620	142,626,534	11,410,123
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	549,625,976	543,147,912	216,218,259	211,573,137	16,925,851
Large Exposure Risk Requirement	891,987	891,987	891,987	891,987	71,359
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			13,166,033	13,166,033	1,053,283
Foreign Currency Risk			1,635,626	1,635,626	130,850
Equity Risk			459,405	459,405	36,752
Commodity Risk			55,675	55,675	4,454
Options Risk			1,040,734	1,040,734	83,259
Total Market Risk			16,357,473	16,357,473	1,308,598
Operational Risk (BIA)			23,371,960	23,371,960	1,869,757
Total RWA and Capital Requirement			256,839,679	252,194,557	20,175,565



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

2021

(RM'000) Exposure Class	CIMBBG				
	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	21,746,593	21,746,593	–	–	–
Public Sector Entities	9,907,741	9,907,741	831,459	831,459	66,517
Banks, DFIs & MDBs	–	–	–	–	–
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	0	0	0	0	0
Corporate	1,947,136	1,911,850	1,201,422	1,140,522	91,242
Regulatory Retail	8,691,999	7,926,496	4,713,989	4,501,332	360,107
Residential Mortgages/RRE Financing	315,873	315,873	156,305	149,912	11,993
Higher Risk Assets	–	–	–	–	–
Other Assets	244,901	244,901	197,994	197,994	15,839
Securitisation	–	–	–	–	–
Equity Exposure	–	–	–	–	–
Total for SA	42,854,242	42,053,453	7,101,168	6,821,218	545,697
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	939,151	939,151	211,517	211,517	16,921
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	29,218,739	29,218,739	17,860,417	17,779,000	1,422,320
Residential Mortgages/RRE Financing	29,943,814	29,943,814	6,907,064	6,635,766	530,861
Qualifying Revolving Retail	246,674	246,674	158,336	158,336	12,667
Hire Purchase	13,165,777	13,165,777	10,094,436	6,333,772	506,702
Other Retail	27,649,330	27,649,330	5,430,603	5,425,896	434,072
Securitisation	–	–	–	–	–
Total for IRB Approach	101,163,485	101,163,485	40,662,373	36,544,287	2,923,543
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	144,017,727	143,216,938	50,203,284	45,558,163	3,644,653
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			50,203,284	45,558,163	3,644,653

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(B): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBISLG 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	0.32
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			63,842,603	55,521,199	4,441,696



Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(B): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBISLG (CONTINUED)

2021

	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	21,746,593	21,746,593	–	–	–
Public Sector Entities	1,861,417	1,861,417	22,194	22,194	1,776
Banks, DFIs & MDBs	46	46	23	23	2
Takaful Operators, Securities Firms & Fund Managers	0.01	0.01	0	0	0
Corporate	1,840,429	1,805,143	1,148,721	1,087,821	87,026
Regulatory Retail	8,128,217	7,362,714	4,486,116	4,273,459	341,877
RRE Financing	315,873	315,873	156,305	149,912	11,993
Higher Risk Assets	–	–	–	–	–
Other Assets	244,901	244,901	197,994	197,994	15,839
Securitisation	–	–	–	–	–
Total for SA	34,137,475	33,336,686	6,011,353	5,731,402	458,512
Exposures under the IRB Approach					
Sovereign/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	1,336,011	1,336,011	282,377	282,377	22,590
Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	25,801,838	25,801,838	16,738,981	15,020,171	1,201,614
RRE Financing	29,943,814	29,943,814	6,907,064	6,635,766	530,861
Qualifying Revolving Retail	246,674	246,674	158,336	158,336	12,667
Hire Purchase	13,165,777	13,165,777	10,094,436	6,333,772	506,702
Other Retail	27,649,330	27,649,330	5,430,603	5,425,896	434,072
Securitisation	–	–	–	–	–
Total for IRB Approach	98,143,444	98,143,444	39,611,797	33,856,319	2,708,505
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	132,280,918	131,480,130	47,999,858	41,619,100	3,329,528
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Benchmark Rate Risk			718,584	718,584	57,487
Foreign Currency Risk			83,894	83,894	6,712
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			802,478	802,478	64,198
Operational Risk (BIA)			4,159,336	4,159,336	332,747
Total RWA and Capital Requirement			52,961,672	46,580,914	3,726,473

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(C): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBIBG 2022

(RM'000) Exposure Class	CIMBIBG				
	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

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)			-	-	-
Total RWA and Capital Requirement			18,702	18,702	1,496

Capital Management

CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

TABLE 2(C): DISCLOSURE ON TOTAL RWA AND MINIMUM CAPITAL REQUIREMENT FOR CIMBIBG (CONTINUED)

2021

(RM'000) Exposure Class	CIMBIBG				
	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	360,546	360,546	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	238,032	238,032	52,176	52,176	4,174
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	4,638	4,638	4,638	4,638	371
Regulatory Retail	–	–	–	–	–
Residential Mortgages	–	–	–	–	–
Higher Risk Assets	–	–	–	–	–
Other Assets	60,450	60,450	60,443	60,443	4,835
Securitisation	–	–	–	–	–
Total Credit Risk	663,667	663,667	117,258	117,258	9,381
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Interest Rate Risk			–	–	–
Foreign Currency Risk			12,904	12,904	1,032
Equity Risk			–	–	–
Commodity Risk			–	–	–
Options Risk			19,310	19,310	1,545
Total Market Risk			32,214	32,214	2,577
Operational Risk (BIA)			450,794	450,794	36,063
Total RWA and Capital Requirement			600,266	600,266	48,021



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

2021

(RM'000) Exposure Class	CIMBIBG				
	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	236	236	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	87,197	87,197	17,444	17,444	1,396
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	127	127	127	127	10
Regulatory Retail	-	-	-	-	-
Residential Mortgages	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-
Other Assets	68	68	67	67	5
Securitisation	-	-	-	-	-
Total Credit Risk	87,627	87,627	17,638	17,638	1,411
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)			-	-	-
Total RWA and Capital Requirement			17,638	17,638	1,411

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:

- Assessing the risk profile of the bank.
- Assessing the capital adequacy and capital management strategies.
- Monitoring compliance with regulatory requirement on capital adequacy.
- Reporting to management and regulator on ICAAP.
- 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, function 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 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 valued 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, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limits submitted to joint delegated authority or relevant committees for approval.

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's 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) Exposure Class	CIMBBG				Total
	Malaysia	Singapore	Thailand	Other Countries	
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
2021					
Sovereign	73,653,020	8,115,187	5,949,879	891,016	88,609,102
PSE	9,914,829	-	-	-	9,914,829
Bank	17,708,835	2,282,815	7,937,620	5,613,425	33,542,695
Corporate	114,616,767	31,501,070	17,366,638	8,408,299	171,892,774
Mortgage/RRE Financing	94,393,687	7,940,650	10,278,306	5,249	112,617,892
HPE	19,436,199	-	-	-	19,436,199
QRRE	9,036,296	2,311,616	-	-	11,347,912
Other Retail	72,305,312	5,609,461	6,172,972	1,011,314	85,099,059
Other Exposures	6,686,567	482,484	8,873,304	1,123,159	17,165,514
Total Gross Credit Exposure	417,751,513	58,243,283	56,578,719	17,052,462	549,625,976



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
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
2021					
Sovereign	21,746,593	-	-	-	21,746,593
PSE	1,861,417	-	-	-	1,861,417
Bank	1,336,057	-	-	-	1,336,057
Corporate	27,642,267	-	-	-	27,642,267
RRE Financing	30,259,687	-	-	-	30,259,687
HPE	13,165,777	-	-	-	13,165,777
QRRE	246,674	-	-	-	246,674
Other Retail	35,777,547	-	-	-	35,777,547
Other Exposures	244,901	-	-	-	244,901
Total Gross Credit Exposure	132,280,918	-	-	-	132,280,918

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

(RM'000) Exposure Class	CIMBIBG				Total
	Malaysia	Singapore	Thailand	Other Countries	
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
2021					
Sovereign	360,546	-	-	-	360,546
Bank	238,032	-	-	-	238,032
Corporate	4,638	-	-	-	4,638
Mortgage	-	-	-	-	-
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	-	-	-	-	-
Other Exposures	60,450	-	-	-	60,450
Total Gross Credit Exposure	663,667	-	-	-	663,667



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

(RM'000) Exposure Class	CIMBBG											Total
	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*	
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
2021												
Sovereign	194,748	-	-	542,811	7,622,730	-	5,079,866	23,066,563	49,030,315	-	3,072,070	88,609,102
PSE	2,310	-	-	-	-	-	-	100,904	9,811,512	-	104	9,914,829
Bank	-	-	-	-	-	-	-	31,844,654	1,698,041	-	-	33,542,695
Corporate	7,582,978	8,403,818	16,979,152	12,509,054	14,549,045	22,135,588	13,458,682	50,833,210	11,633,261	7,091,817	6,716,170	171,892,774
Mortgage/RRE Financing	-	-	-	-	-	-	-	-	-	112,617,892	-	112,617,892
HPE	-	-	-	-	-	-	-	-	-	19,436,199	-	19,436,199
QRRE	-	-	-	-	-	-	-	-	-	11,347,912	-	11,347,912
Other Retail	291,433	52,015	2,006,021	59,085	1,188,618	4,375,072	483,584	4,111,058	891,521	71,640,652	-	85,099,059
Other Exposures	-	-	5,920	385,838	-	156	3,409	471,046	792,000	-	15,507,146	17,165,514
Total Gross Credit Exposure	8,071,468	8,455,834	18,991,093	13,496,787	23,360,393	26,510,815	19,025,540	110,427,436	73,856,650	222,134,471	25,295,489	549,625,976

* 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

(RM'000) Exposure Class	CIMBISLG											Total
	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*	
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
2021												
Sovereign	9,987	-	-	298,313	2,069,855	-	1,185,867	11,829,479	5,181,660	-	1,171,431	21,746,593
PSE	-	-	-	-	-	-	-	100,734	1,760,682	-	-	1,861,417
Bank	-	-	-	-	-	-	-	1,336,057	-	-	-	1,336,057
Corporate	3,156,856	1,635,890	2,889,627	919,492	3,580,152	2,556,054	3,114,911	9,000,933	734,956	22,459	30,937	27,642,267
RRE Financing	-	-	-	-	-	-	-	-	-	30,259,687	-	30,259,687
HPE	-	-	-	-	-	-	-	-	-	13,165,777	-	13,165,777
QRRE	-	-	-	-	-	-	-	-	-	246,674	-	246,674
Other Retail	112,867	14,228	793,379	26,975	431,826	1,777,391	176,247	1,287,376	286,701	30,820,852	49,706	35,777,547
Other Exposures	-	-	-	-	-	-	-	-	-	-	244,901	244,901
Total Gross Credit Exposure	3,279,710	1,650,118	3,683,006	1,244,781	6,081,833	4,333,445	4,477,025	23,554,579	7,963,999	74,515,449	1,496,974	132,280,918

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)									Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
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						
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
2021													
Sovereign	-	-	-	-	-	-	-		360,546	-	-	-	360,546
Bank	-	-	-	-	-	-	-		237,519	-	-	513	238,032
Corporate	-	-	-	-	-	-	-		4,543	-	-	95	4,638
Mortgage	-	-	-	-	-	-	-		-	-	-	-	-
HPE	-	-	-	-	-	-	-		-	-	-	-	-
QRRE	-	-	-	-	-	-	-		-	-	-	-	-
Other Retail	-	-	-	-	-	-	-		-	-	-	-	-
Other Exposures	-	-	-	-	-	-	-		-	-	-	60,450	60,450
Total Gross Credit Exposure	-	-	-	-	-	-	-		602,608	-	-	61,058	663,667

* 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

(RM'000) Exposure Class	CIMBBG			Total
	Less than 1 year	1 to 5 years	More than 5 years	
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
2021				
Sovereign	29,555,031	16,769,509	42,284,562	88,609,102
PSE	550,749	105,130	9,258,950	9,914,829
Bank	19,737,695	10,077,946	3,727,055	33,542,695
Corporate	63,130,674	53,337,930	55,424,169	171,892,774
Mortgage/RRE Financing	184,646	823,219	111,610,028	112,617,892
HPE	147,786	5,035,310	14,253,103	19,436,199
QRRE	11,347,912	–	–	11,347,912
Other Retail	5,288,361	8,778,261	71,032,436	85,099,059
Other Exposures	9,082,170	297,922	7,785,422	17,165,514
Total Gross Credit Exposure	139,025,024	95,225,227	315,375,726	549,625,976



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

(RM'000) Exposure Class	CIMBISLG			Total
	Less than 1 year	1 to 5 years	More than 5 years	
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
2021				
Sovereign	12,214,185	4,283,687	5,248,721	21,746,593
PSE	550,445	100,734	1,210,237	1,861,417
Bank	733,691	438,211	164,155	1,336,057
Corporate	9,800,165	5,803,142	12,038,960	27,642,267
RRE Financing	3,167	101,701	30,154,819	30,259,687
HPE	59,488	2,041,316	11,064,973	13,165,777
QRRE	246,674	-	-	246,674
Other Retail	100,978	961,300	34,715,269	35,777,547
Other Exposures	-	-	244,901	244,901
Total Gross Credit Exposure	23,708,793	13,730,090	94,842,035	132,280,918

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

(RM'000) Exposure Class	CIMBIBG			Total
	Less than 1 year	1 to 5 years	More than 5 years	
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
2021				
Sovereign	360,237	-	309	360,546
Bank	228,495	-	9,537	238,032
Corporate	-	-	4,638	4,638
Mortgage	-	-	-	-
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	-	-	-	-
Other Exposures	-	-	60,450	60,450
Total Gross Credit Exposure	588,732	-	74,935	663,667

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

I) PAST DUE BUT NOT IMPAIRED (CONTINUED)

The following tables provide an analysis of the outstanding balances as at 31 December 2022 and 31 December 2021 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

(RM'000)	CIMBBG	
	2022	2021
Primary Agriculture	36,521	16,379
Mining and Quarrying	2,237	1,861
Manufacturing	110,548	55,022
Electricity, Gas and Water Supply	5,103	103
Construction	138,420	49,256
Wholesale and Retail Trade, and Restaurants and Hotels	274,660	81,979
Transport, Storage and Communication	28,750	11,594
Finance, Insurance/Takaful, Real Estate and Business Activities	366,491	81,589
Education, Health and Others	48,497	14,269
Household	14,126,928	6,954,865
Others*	49,313	30,675
Total	15,187,468	7,297,592

* 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

(RM'000)	CIMBISLG	
	2022	2021
Primary Agriculture	4,663	341
Mining and Quarrying	-	227
Manufacturing	25,398	4,256
Electricity, Gas and Water Supply	231	1
Construction	46,118	5,752
Wholesale and Retail Trade, and Restaurants and Hotels	47,980	7,430
Transport, Storage and Communication	6,021	3,209
Finance, Takaful, Real Estate and Business Activities	109,199	11,162
Education, Health and Others	23,719	935
Household	5,883,362	2,037,653
Others*	53	236
Total	6,146,744	2,071,202

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 2022 and 31 December 2021.

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

(RM'000)	CIMBBG	
	2022	2021
Malaysia	13,029,619	5,652,800
Singapore	350,785	97,307
Thailand	1,621,963	1,458,234
Other Countries	185,101	89,251
Total	15,187,468	7,297,592

TABLE 7(B): PAST DUE BUT NOT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBISLG

(RM'000)	CIMBISLG	
	2022	2021
Malaysia	6,146,744	2,071,202
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	6,146,744	2,071,202

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 2022 and 31 December 2021.

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:

- Where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months;
- 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;
- 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
- 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 2022 and 31 December 2021 which were credit impaired by sector and geographical respectively:

TABLE 8(A): CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY SECTOR FOR CIMBBG

(RM'000)	CIMBBG	
	2022	2021
Primary Agriculture	84,888	77,291
Mining and Quarrying	994,091	1,240,579
Manufacturing	251,464	392,919
Electricity, Gas and Water Supply	111	250,530
Construction	155,479	147,571
Wholesale and Retail Trade, and Restaurants and Hotels	1,053,898	1,669,400
Transport, Storage and Communications	389,202	1,211,188
Finance, Takaful, Real Estate and Business Activities	575,361	532,309
Education, Health and Others	156,934	186,352
Household	3,755,456	2,188,845
Others*	736,087	655,944
Total	8,152,971	8,552,928

* 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

(RM'000)	CIMBISLG	
	2022	2021
Primary Agriculture	16,917	20,844
Mining and Quarrying	-	-
Manufacturing	11,923	28,132
Electricity, Gas and Water Supply	-	-
Construction	25,478	20,267
Wholesale and Retail Trade, and Restaurants and Hotels	132,338	83,351
Transport, Storage and Communications	5,935	1,877
Finance, Takaful, Real Estate and Business Activities	55,889	51,161
Education, Health and Others	62,074	6,268
Household	1,098,782	427,598
Others*	1	1
Total	1,409,337	639,499

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 2022 and 31 December 2021.

TABLE 9(A): CREDIT IMPAIRED LOANS, ADVANCES AND FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBBG

(RM'000)	CIMBBG	
	2022	2021
Malaysia	5,372,355	5,281,518
Singapore	878,879	1,522,491
Thailand	1,137,178	1,055,494
Other Countries	764,559	693,425
Total	8,152,971	8,552,928

TABLE 9(B): CREDIT IMPAIRED FINANCING, ADVANCES AND OTHER FINANCING BY GEOGRAPHIC DISTRIBUTION FOR CIMBISLG

(RM'000)	CIMBISLG	
	2022	2021
Malaysia	1,409,337	639,499
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	1,409,337	639,499



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 2022 and 31 December 2021.

III) EXPECTED CREDIT LOSSES

TABLE 10(A): EXPECTED CREDIT LOSSES (STAGE 1, 2 AND 3, AND PURCHASED CREDIT IMPAIRED) BY SECTOR FOR CIMBBG

(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	CIMBBG Lifetime expected credit losses - credit impaired (Stage 3)	Purchased credit impaired	Total
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
2021					
Primary Agriculture	17,407	10,504	28,750	-	56,661
Mining and Quarrying	9,966	3,463	659,094	-	672,523
Manufacturing	25,485	38,820	242,618	-	306,923
Electricity, Gas and Water Supply	6,811	2,680	73,387	-	82,878
Construction	11,978	12,742	68,617	-	93,337
Wholesale and Retail Trade, and Restaurants and Hotels	96,268	142,202	1,113,214	-	1,351,684
Transport, Storage and Communications	10,841	155,863	1,004,893	-	1,171,597
Finance, Insurance/Takaful, Real Estate and Business Activities	68,521	86,220	211,931	-	366,672
Education, Health and Others	9,852	12,760	40,877	-	63,489
Household	980,115	2,130,921	838,035	3,046	3,952,117
Others*	29,892	6,694	492,580	-	529,166
Total	1,267,136	2,602,869	4,773,996	3,046	8,647,047

* Others are exposures which are not elsewhere classified.

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES AND 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

(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	CIMBISLG Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
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
2021					
Primary Agriculture	957	4,985	2,646	–	8,588
Mining and Quarrying	431	3,183	–	–	3,614
Manufacturing	4,889	11,917	14,730	–	31,536
Electricity, Gas and Water Supply	923	886	–	–	1,809
Construction	1,782	4,376	5,764	–	11,922
Wholesale and Retail Trade, and Restaurants and Hotels	10,657	35,501	37,970	–	84,128
Transport, Storage and Communications	3,136	3,242	780	–	7,158
Finance, Takaful, Real Estate and Business Activities	11,962	14,694	6,679	–	33,335
Education, Health and Others	1,302	4,358	1,952	–	7,612
Household	212,538	644,225	160,572	–	1,017,335
Others*	124	34	1	–	159
Total	248,701	727,401	231,094	–	1,207,196

Note: All sectors above are Shariah compliant.

* Others are exposures which are not elsewhere classified.



Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES AND 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 2022 and 31 December 2021.

TABLE 11(A): EXPECTED CREDIT LOSSES (STAGE 1, 2 AND 3, AND PURCHASED CREDIT IMPAIRED) BY GEOGRAPHIC DISTRIBUTION FOR CIMBBG

(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	CIMBBG		Purchased credit impaired	Total
			Lifetime expected credit losses - credit impaired (Stage 3)			
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
2021						
Malaysia	888,937	2,267,259	2,742,830	-	-	5,899,026
Singapore	158,946	96,298	1,111,927	-	-	1,367,171
Thailand	186,557	236,918	421,417	3,046	-	847,938
Other Countries	32,696	2,394	497,822	-	-	532,912
Total	1,267,136	2,602,869	4,773,996	3,046	-	8,647,047

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES AND 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

(RM'000)	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	CIMBISLG Lifetime expected credit losses - credit impaired (Stage 3)	Purchased credit impaired	Total
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
2021					
Malaysia	248,701	727,401	231,094	-	1,207,196
Singapore	-	-	-	-	-
Thailand	-	-	-	-	-
Other Countries	-	-	-	-	-
Total	248,701	727,401	231,094	-	1,207,196

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 2022 and 31 December 2021.



Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES AND 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

(RM'000)	CIMBBG			
	Charges/(write back) Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Write-off Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired
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
2021				
Primary Agriculture	3,346	–	408	–
Mining and Quarrying	107,961	–	109	–
Manufacturing	122,598	–	33,612	–
Electricity, Gas and Water Supply	49,743	–	517	–
Construction	25,255	–	22,390	–
Wholesale and Retail Trade, and Restaurants and Hotels	88,146	–	128,861	–
Transport, Storage and Communications	(8,247)	–	10,640	–
Finance, Insurance/Takaful, Real Estate and Business Activities	(3,963)	–	12,432	–
Education, Health and Others	10,799	–	1,625	–
Household	761,512	–	769,259	–
Others*	181,074	–	27,069	–
Total	1,338,224	–	1,006,922	–

* 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

(RM'000)	CIMBISLG			
	Charges/(write back) Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Write-off Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired
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	–
2021				
Primary Agriculture	1,565	–	204	–
Mining and Quarrying	–	–	–	–
Manufacturing	15,002	–	6,944	–
Electricity, Gas and Water Supply	–	–	–	–
Construction	5,403	–	6,066	–
Wholesale and Retail Trade, and Restaurants and Hotels	12,997	–	12,165	–
Transport, Storage and Communications	134	–	2,973	–
Finance, Takaful, Real Estate and Business Activities	6,473	–	2,819	–
Education, Health and Others	1,368	–	–	–
Household	162,955	–	128,843	–
Others*	90	–	–	–
Total	205,987	–	160,014	–

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 2022 and 31 December 2021.



Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES AND 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

(RM'000)	CIMBBG				Total
	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	
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 AND 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)

(RM'000)	CIMBBG 2021				Total
	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	
At 1 January 2021	1,414,924	1,780,975	4,148,626	3,259	7,347,784
Changes in expected credit losses due to transferred within stages	1,011,196	(1,388,994)	377,798	-	-
Transferred to Stage 1	1,765,687	(1,634,782)	(130,905)	-	-
Transferred to Stage 2	(752,137)	1,690,090	(937,953)	-	-
Transferred to Stage 3	(2,354)	(1,444,302)	1,446,656	-	-
Total charge to Income Statement	(1,153,463)	1,868,615	1,338,224	-	2,053,376
New financial assets originated	713,627	482,582	93,164	-	1,289,373
Financial assets that have been derecognised	(440,011)	(622,062)	-	-	(1,062,073)
Write back in respect of full recoveries	-	-	(165,547)	-	(165,547)
Change in credit risk	(1,427,079)	2,008,095	1,410,607	-	1,991,623
Write-offs	(1,181)	(1,223)	(1,006,922)	-	(1,009,326)
Disposal of loans, advances and financing	(540)	(390)	(185,218)	-	(186,148)
Exchange fluctuation	(9,949)	(12,090)	1,241	(213)	(21,011)
Other movements	6,149	355,976	100,247	-	462,372
Total	1,267,136	2,602,869	4,773,996	3,046	8,647,047



Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES AND 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

(RM'000)	CIMBISLG 2022				Total
	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	
At 1 January 2022	817,845	1,636,641	4,094,538	-	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

Credit Risk

CREDIT QUALITY OF LOANS, ADVANCES AND 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)

(RM'000)	CIMBISLG 2021				Total
	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	
At 1 January 2021	254,404	381,846	339,153	–	975,403
Changes in expected credit losses due to transferred within stages	364,538	(186,388)	(178,150)	–	–
Transferred to Stage 1	561,551	(528,988)	(32,563)	–	–
Transferred to Stage 2	(196,770)	504,511	(307,741)	–	–
Transferred to Stage 3	(243)	(161,911)	162,154	–	–
Total charge to Income Statement	(370,211)	531,763	205,987	–	367,539
New financial assets originated	71,955	1,772	44,235	–	117,962
Financial assets that have been derecognised	(38,129)	(27,304)	–	–	(65,433)
Write back in respect of full recoveries	–	–	(70,138)	–	(70,138)
Change in credit risk	(404,037)	557,295	231,890	–	385,148
Write-offs	–	(4)	(160,014)	–	(160,018)
Other movements	(30)	184	24,118	–	24,272
Total	248,701	727,401	231,094	–	1,207,196

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 2022 and 31 December 2021.



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

(RM'000) Risk Weights	CIMBBG											Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
	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		
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													
2021													
0%	87,128,655	1,750,445	1,681,421	-	1,284,673	685,387	-	-	11,542,423	-	-	104,073,004	-
6%	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	100,260	4,164,309	338,332	578,060	636,764	2,918,498	-	-	354	480,627	-	9,217,203	1,843,441
35%	-	-	-	-	-	-	7,301,290	-	-	-	-	7,301,290	2,555,452
50%	1,336,905	-	8,784,903	2,065,788	1,549,896	4,481,542	2,748,668	-	-	-	-	20,967,702	10,483,851
75%	-	-	-	-	1,196	18,901,714	682	-	14,494	-	-	18,918,086	14,188,565
100%	43,281	-	22,937	1,784,166	19,599,037	1,992,289	1,689,730	-	3,374,327	-	83	28,505,851	28,505,851
107%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	229,219	78,776	-	1,753,206	-	-	-	2,061,201	3,091,802
150%< RW < 1250%	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	88,609,102	5,914,754	10,827,594	4,428,015	23,300,784	29,058,206	11,740,370	1,753,206	14,931,598	480,627	83	191,044,338	60,668,961
Average Risk Weight	1%	14%	41%	66%	89%	66%	48%	150%	23%	20%	100%	32%	
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
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	-	-	-	-	-	-	-	-	-	-	-	
2021												
0%	21,746,593	1,750,445	-	-	-	62	-	-	46,907	-	23,544,007	-
20%	-	110,971	-	-	5,177	715,141	-	-	-	-	831,289	166,258
35%	-	-	-	-	-	-	11,150	-	-	-	11,150	3,903
50%	-	-	46	0.01	1,308,372	3,884,520	304,641	-	-	-	5,497,578	2,748,789
75%	-	-	-	-	-	1,449,905	-	-	-	-	1,449,905	1,087,429
100%	-	-	-	-	487,785	1,312,462	82	-	197,994	-	1,998,323	1,998,323
100% < RW < 1250%	-	-	-	-	3,810	625	-	-	-	-	4,434	6,652
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	21,746,593	1,861,417	46	0.01	1,805,143	7,362,714	315,873	-	244,901	-	33,336,686	6,011,353
Average Risk Weight	-	1%	50%	50%	64%	61%	49%	-	81%	-	18%	
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
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	-	-	-	-	-	-	-	-	-	-	-	
2021												
0%	360,546	-	-	-	-	-	-	-	7	-	360,553	-
20%	-	-	222,801	-	-	-	-	-	-	-	222,801	44,560
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	15,232	-	-	-	-	-	-	-	15,232	7,616
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	4,638	-	-	-	60,443	-	65,082	65,082
100%<RW < 1250%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	360,546	-	238,032	-	4,638	-	-	-	60,450	-	663,667	117,258
Average Risk Weight	-	-	22%	-	100%	-	-	-	100%	-	18%	
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

(RM'000) Exposure Class	CIMBBG			
	Investment Grade	Non- Investment Grade	No Rating	Total
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
2021				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	9,914,829	9,914,829
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,914,694	-	1,557,998	4,472,692
Corporate	1,011,994	92,701	26,649,415	27,754,110
Sovereign/Central Banks	76,544,526	-	12,064,576	88,609,102
Banks, MDBs and DFIs	1,962,443	-	8,865,633	10,828,076
Total	82,433,657	92,701	59,052,452	141,578,809

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

(RM'000) Exposure Class	CIMBISLG			
	Investment Grade	Non- Investment Grade	No Rating	Total
2022				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	3,108,358	3,108,358
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-
Corporate	-	0.16	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	0.16	8,794,026	32,519,255
2021				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	1,861,417	1,861,417
Takaful Operators, Securities Firms & Fund Managers	-	-	0.01	0.01
Corporate	106	31	1,840,292	1,840,429
Sovereign/Central Banks	21,022,149	-	724,443	21,746,593
Banks, MDBs and DFIs	46	-	-	46
Total	21,022,301	31	4,426,152	25,448,484



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			Total
	Investment Grade	Non- Investment Grade	No Rating	
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
2021				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate	-	-	4,638	4,638
Sovereign/Central Banks	360,237	-	309	360,546
Banks, MDBs and DFIs	15,254	-	222,778	238,032
Total	375,492	-	227,725	603,216

TABLE 16(A): DISCLOSURES OF SECURITISATION UNDER SA ACCORDING TO RATINGS BY ECAIS FOR CIMBBG

(RM'000) Exposure Class	CIMBBG			Total
	Investment Grade	Non- Investment Grade	No Rating	
2022				
On and Off-Balance-Sheet Exposures				
Securitisation	404,626	-	-	404,626
2021				
On and Off-Balance-Sheet Exposures				
Securitisation	480,627	-	-	480,627

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

(RM'000) Exposure Class	CIMBISLG			Total
	Investment Grade	Non-Investment Grade	No Rating	
2022				
On and Off-Balance-Sheet Exposures				
Securitisation	-	-	-	-
2021				
On and Off-Balance-Sheet Exposures				
Securitisation	-	-	-	-

As at 31 December 2022 and 31 December 2021, 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 GRCC endorsement and BRCC approval 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 loans/financing, Xpress Cash, 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 portfolio include application, behavioural, PD, LGD and EAD segmentation models.



Credit Risk

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 judgment 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 card receivables, each loan/financing 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 2022 and 31 December 2021:

TABLE 17(A): RETAIL CREDIT EXPOSURES BY PD BAND FOR CIMBBG

(RM'000) PD Range of Retail Exposures	CIMBBG			Total
	0% ≤ PD < 2%	2% ≤ PD < 100%	100% or Default	
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%	

2021				
Total Retail Exposure	144,145,825	38,464,236	3,112,922	185,722,983
Residential Mortgage/RRE Financing	91,980,963	6,743,582	2,150,371	100,874,916
QRRE	8,532,724	2,719,990	95,197	11,347,912
Hire Purchase	13,123,960	5,989,855	322,384	19,436,199
Other Retail	30,508,178	23,010,810	544,969	54,063,956
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	21%	24%	29%	
QRRE	89%	89%	89%	
Hire Purchase	52%	61%	53%	
Other Retail	23%	14%	48%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	11%	72%	220%	
QRRE	28%	146%	321%	
Hire Purchase	54%	104%	322%	
Other Retail	17%	23%	195%	



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

(RM'000) PD Range of Retail Exposures	CIMBISLG			Total
	0% ≤ PD < 2%	2% ≤ PD < 100%	100% or Default	
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%	
2021				
Total Retail Exposure	47,152,466	22,949,871	903,259	71,005,595
RRE Financing	27,362,767	1,965,886	615,161	29,943,814
QRRE	166,788	78,512	1,374	246,674
Hire Purchase	8,891,687	4,095,814	178,276	13,165,777
Other Retail	10,731,223	16,809,659	108,449	27,649,330
Exposure Weighted Average LGD				
RRE Financing	25%	26%	31%	
QRRE	90%	90%	90%	
Hire Purchase	54%	64%	57%	
Other Retail	26%	10%	33%	
Exposure Weighted Average Risk Weight				
RRE Financing	14%	79%	259%	
QRRE	33%	124%	457%	
Hire Purchase	56%	108%	387%	
Other Retail	23%	16%	201%	

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

(RM'000) EL Range of Retail Exposures	CIMBBG			Total
	EL ≤ 1%	1% < EL < 100%	EL = 100%	
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%	
2021				
Total Retail Exposure	164,809,739	20,602,506	310,738	185,722,983
Residential Mortgage/RRE Financing	97,713,393	3,026,227	135,296	100,874,916
QRRE	7,477,962	3,865,780	4,169	11,347,912
Hire Purchase	12,269,334	7,140,948	25,916	19,436,199
Other Retail	47,349,049	6,569,550	145,357	54,063,956
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	21%	31%	39%	
QRRE	89%	89%	90%	
Hire Purchase	51%	61%	51%	
Other Retail	17%	32%	78%	



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
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	0.26	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%	
2021				
Total Retail Exposure	61,024,124	9,949,160	32,311	71,005,595
RRE Financing	28,932,044	998,593	13,177	29,943,814
QRRE	129,774	116,897	3	246,674
Hire Purchase	8,271,750	4,883,318	10,709	13,165,777
Other Retail	23,690,556	3,950,353	8,421	27,649,330
Exposure Weighted Average LGD				
RRE Financing	25%	34%	36%	
QRRE	90%	90%	90%	
Hire Purchase	53%	64%	56%	
Other Retail	16%	22%	51%	

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 2022 and 31 December 2021:

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
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
2021						
Project Finance	691,304	6,158,931	33,990	368	1,805,178	8,689,771
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	1,875,795	9,656,652	336,497	1,343,627	322,895	13,535,466
RWA	1,283,953	10,703,614	426,059	3,359,989	-	15,773,615



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					Total
	Strong	Good	Satisfactory	Weak	Default	
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	0.07	2,102,012
RWA	267,625	1,173,919	369,501	402,172	–	2,213,217
2021						
Project Finance	–	351,891	–	331	–	352,222
Object Finance	–	–	–	–	–	–
Commodities Finance	–	–	–	–	–	–
Income Producing Real Estate	145,220	831,079	87,894	277,328	0.05	1,341,521
RWA	72,610	859,048	101,078	694,148	–	1,726,885

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

2022	CIMBBG				
(RM'000)					
Internal Risk Grading	1 – 7	8 – 15	16 – 25	Default	Total
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%	–	

2021	CIMBBG				
(RM'000)					
Internal Risk Grading	1 – 7	8 – 5	16 – 25	Default	Total
Total Non-Retail Exposure	42,808,671	65,108,653	26,292,968	5,945,061	140,155,353
Sovereign/Central Banks	–	–	–	–	–
Bank	16,185,079	6,461,069	68,471	0	22,714,619
Corporate (excluding Specialised Lending/Financing)	26,623,592	58,647,584	26,224,498	5,945,061	117,440,734
Exposure Weighted Average LGD					
Sovereign/Central Banks	–	–	–	–	
Bank	43%	45%	45%	45%	
Corporate (excluding Specialised Lending/Financing)	43%	40%	34%	44%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	–	–	–	–	
Bank	21%	39%	166%	–	
Corporate (excluding Specialised Lending/Financing)	16%	72%	99%	–	



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

2022	CIMBISLG				
(RM'000)					
Internal Risk Grading	1 – 7	8 – 15	16 – 25	Default	Total
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%	

2021	CIMBISLG				
(RM'000)					
Internal Risk Grading	1 – 7	8 – 15	16 – 25	Default	Total
Total Non-Retail Exposure	7,695,617	9,986,391	7,104,376	657,722	25,444,105
Bank	1,157,550	178,421	40	-	1,336,011
Corporate (excluding Specialised Financing)	6,538,066	9,807,970	7,104,337	657,722	24,108,094
Exposure Weighted Average LGD					
Bank	45%	40%	45%	-	
Corporate (excluding Specialised Financing)	45%	40%	38%	43%	
Exposure Weighted Average Risk Weight					
Bank	20%	31%	230%	-	
Corporate (excluding Specialised Financing)	12%	70%	103%	-	

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

(RM'000) Exposure Class	CIMBBG			
	2022		2021	
	Regulatory Expected Losses as at 31 December 2021	Actual Losses for the year ended 31 December 2022	Regulatory Expected Losses as at 31 December 2020	Actual Losses for the year ended 31 December 2021
Sovereign	–	–	–	–
Bank	21,393	(0)	11,326	0
Corporate	914,981	91,960	1,113,071	167,747
Mortgage/RRE Financing	170,377	208,639	328,308	62,116
HPE	477,908	133,792	200,362	243,818
QRRE	338,929	49,600	360,546	45,121
Other Retail	277,141	23,676	340,289	18,821
Total	2,200,728	507,667	2,353,902	537,624

TABLE 21(B): ANALYSIS OF EXPECTED LOSS VERSUS ACTUAL LOSSES BY PORTFOLIO TYPES FOR CIMBISLG

(RM'000) Exposure Class	CIMBISLG			
	2022		2021	
	Regulatory Expected Losses as at 31 December 2021	Actual Losses for the year ended 31 December 2022	Regulatory Expected Losses as at 31 December 2020	Actual Losses for the year ended 31 December 2021
Sovereign	–	–	–	–
Bank	374	–	266	0.002
Corporate	197,233	68,064	207,285	22,745
RRE Financing	51,047	93,830	123,957	14,581
HPE	264,538	78,048	117,337	129,335
QRRE	7,062	1,873	7,612	1,021
Other Retail	167,214	30,597	182,979	10,433
Total	687,468	272,411	639,435	178,115

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 2022 and 31 December 2021 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 2022 and 31 December 2021:

TABLE 22(A): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBBG

	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/inancing 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

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
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(A): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBBG (CONTINUED)

2021		CIMBBG		
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk- Weighted Assets
Direct Credit Substitutes	3,970,738		3,970,738	2,354,140
Transaction Related Contingent Items	5,350,774		2,675,387	1,614,130
Short Term Self Liquidating Trade Related Contingencies	1,143,596		228,719	149,811
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	3,644,158		3,644,281	147,306
Foreign Exchange Related Contracts				
One year or less	20,074,785	70,817	315,600	226,648
Over one year to five years	864,665	7,556	57,699	24,763
Over five years	-	-	-	-
Interest/Profit Rate Related Contracts				
One year or less	1,740,536	18,331	35,489	12,353
Over one year to five years	2,258,881	37,526	88,396	65,143
Over five years	765,793	25,962	93,161	75,883
Equity Related Contracts				
One year or less	14,819	221	1,110	1,122
Over one year to five years	227,163	16,546	34,719	49,446
Over five years	-	-	-	-
Commodity Contracts				
One year or less	21,898	3,125	5,315	5,630
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	986,536,629	4,022,462	17,515,506	8,733,603
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	40,433,386		35,279,826	11,250,451
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	286,204		57,258	45,651
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	110,015,395		-	-
Unutilised credit card lines	24,357,332		5,888,887	2,316,865
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	1,201,706,752	4,202,545	69,892,089	27,072,946

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

TABLE 22(B): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBISLG

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 CRR (CONTINUED)

TABLE 22(B): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CRR FOR CIMBISLG (CONTINUED)

2021		CIMBISLG		
(RM'000)				
Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	262,292		262,292	183,564
Transaction Related Contingent Items	731,032		365,516	231,031
Short Term Self Liquidating Trade Related Contingencies	66,499		13,300	11,263
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	-		-	-
Foreign Exchange Related Contracts				
One year or less	2,009,918	4,999	31,699	42,581
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Profit Rate Related Contracts				
One year or less	56,489	527	1,184	872
Over one year to five years	164,276	3,250	6,536	8,381
Over five years	16,081	45	1,085	812
Commodity Contracts				
One year or less	5,586	3,063	3,622	4,011
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	21,699,457	46,847	321,123	72,925
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	14,032,806		12,135,809	3,902,523
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	8,326,584		-	-
Unutilised credit card lines	340,113		100,990	45,644
Off-balance sheet items for securitisation exposures	-		-	-
Total	47,711,134	58,731	13,243,155	4,503,608

Credit Risk

OFF-BALANCE SHEET EXPOSURES AND CCR (CONTINUED)

TABLE 22(C): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBIBG

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)

TABLE 22(C): DISCLOSURE ON OFF-BALANCE SHEET EXPOSURES AND CCR FOR CIMBIBG (CONTINUED)

	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)

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					
		2022	2021		
		Notional of Credit Derivatives			
(RM'000)		Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio		109,763	1,411,281	326,321	2,408,164
Client Intermediation Activities		–	–	–	–
Total		109,763	1,411,281	326,321	2,408,164
Credit Default Swaps		109,763	1,411,281	326,321	2,408,164
Total Return Swaps		–	–	–	–
Total		109,763	1,411,281	326,321	2,408,164

TABLE 23(B): DISCLOSURE ON CREDIT DERIVATIVE TRANSACTIONS FOR CIMBISLG

CIMBISLG				
2022				
2021				
Notional of Credit Derivatives				
(RM'000)	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	20,200	-	20,500
Total	-	20,200	-	20,500
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	20,200	-	20,500
Total	-	20,200	-	20,500

TABLE 23(C): DISCLOSURE ON CREDIT DERIVATIVE TRANSACTIONS FOR CIMBIBG

CIMBIBG					
		2022	2021		
		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 2022 and 31 December 2021:

TABLE 24(A): DISCLOSURE ON CREDIT RISK MITIGATION FOR CIMBBG

2022

(RM'000) Exposure Class	CIMBBG			
	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(A): DISCLOSURE ON CREDIT RISK MITIGATION FOR CIMBBG (CONTINUED)

(RM'000) Exposure Class	CIMBBG			
	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	88,609,102	–	–	–
Public Sector Entities	9,914,829	5,750,445	75	–
Banks, DFIs & MDBs	33,542,695	1,497,258	892,898	–
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	4,472,692	–	44,678	–
Corporate	158,936,271	7,716,293	12,612,262	20,983,233
Residential Mortgages/RRE Financing	111,312,096	–	2,606	–
Qualifying Revolving Retail	11,261,691	–	–	–
Hire Purchase	19,171,112	–	–	–
Other Retail	84,530,001	4,088,988	1,973,682	–
Securitisation	480,627	–	–	–
Equity	83	–	–	–
Higher Risk Assets	1,753,206	–	–	–
Other Assets	14,931,598	–	–	–
Defaulted Exposures	5,201,915	13,185	45,157	824,118
Total Exposures	544,117,920	19,066,170	15,571,358	21,807,350

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

2022

(RM'000) Exposure Class	CIMBISLG			
	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

2021

(RM'000) Exposure Class	CIMBISLG			
	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	21,746,593	-	-	-
Public Sector Entities	1,861,417	1,750,445	-	-
Banks, DFIs & MDBs	1,336,057	-	19,578	-
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-
Corporate	26,955,501	2,556,824	660,615	7,784,571
RRE Financing	30,026,547	-	-	-
Qualifying Revolving Retail	245,322	-	-	-
Hire Purchase	13,025,571	-	-	-
Other Retail	35,700,681	715,163	764,109	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	244,901	-	-	-
Defaulted Exposures	919,447	39	1,624	126,276
Total Exposures	132,062,036	5,022,471	1,445,925	7,910,847

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

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	-	-	-	

2021		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	360,546	-	-	-	
Public Sector Entities	-	-	-	-	
Banks, DFIs & MDBs	238,032	-	-	-	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	
Corporate	4,638	-	-	-	
Residential Mortgages	-	-	-	-	
Qualifying Revolving Retail	-	-	-	-	
Hire Purchase	-	-	-	-	
Other Retail	-	-	-	-	
Securitisation	-	-	-	-	
Higher Risk Assets	-	-	-	-	
Other Assets	60,450	-	-	-	
Defaulted Exposures	-	-	-	-	
Total Exposures	663,667	-	-	-	

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 2022 and 31 December 2021:

TABLE 25(A): DISCLOSURE ON SECURITISATION FOR BANKING BOOK

(RM'000) Underlying Asset	CIMBBG			Gains/(Losses) Recognised during the year
	Total Exposures Securitized	Past Due	Credit Impaired	
2022				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	48,859	5,790	2,425	388
2021				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	191,155	14,749	8,715	(2,013)

TABLE 25(B): DISCLOSURE ON SECURITISATION FOR BANKING BOOK

(RM'000) Underlying Asset	CIMBISLG			Gains/(Losses) Recognised during the year
	Total Exposures Securitized	Past Due	Credit Impaired	
2022				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	-	-	-	-
2021				
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	46,438	5,422	3,758	(2,232)

There were no outstanding exposures securitised by CIMBIBG as at 31 December 2022 and 31 December 2021.

[illegible]

(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Rated Securitisation Exposures							Unrated (Look Through)		Risk- Weighted Assets
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	475,916	-	-	-	475,916	-	-	-	-			95,183
Mezzanine	4,711	-	-	-	4,711	-	-	-	-			942
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	480,627	-	-	-	480,627	-	-	-	-	-	-	96,125

[illegible]

Securitisation

SECURITISATION UNDER THE SA FOR BANKING BOOK (CONTINUED)

TABLE 26(B): DISCLOSURE ON SECURITISATION UNDER THE SA FOR BANKING BOOK EXPOSURES FOR CIMBISLG (CONTINUED)

2021		CIMBISLG Distribution of Exposures after CRM according to Applicable Risk Weights											Risk- Weighted Assets
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Rated Securitisation Exposures							Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount		
Traditional Securitisation (Banking Book)													
<u>Non-originating Banking Institution</u>													
<u>On-Balance Sheet</u>													
Most senior	-	-	-	-	-	-	-	-	-		-		
Mezzanine	-	-	-	-	-	-	-	-	-		-		
First loss	-	-	-	-	-	-	-	-	-		-		
<u>Off-Balance Sheet</u>													
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)	-	-			-	-	-	-	-		-		
<u>Originating Banking Institution</u>													
<u>On-Balance Sheet</u>													
Most senior	-	-	-	-	-	-	-	-	-		-		
Mezzanine	-	-	-	-	-	-	-	-	-		-		
First loss	-	-	-	-	-	-	-	-	-		-		
<u>Off-Balance Sheet</u>													
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 2022 and 31 December 2021, 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

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					
<u>Originated by Third Party</u>					
<i>On-Balance Sheet</i>	-	-	-	-	-
<i>Off-Balance Sheet</i>	-	-	-	-	-
<i>Sub-total</i>	-	-	-	-	-
<u>Originated by Banking Institution</u>					
<i>On-Balance Sheet</i>	-	-	-	-	-
<i>Off-Balance Sheet</i>	-	-	-	-	-
<i>Sub-total</i>	-	-	-	-	-
<u>Securitisation subject to Early Amortisation</u>					
<i><u>Seller's interest</u></i>					
<i>On-Balance Sheet</i>	-	-	-	-	-
<i>Off-Balance Sheet</i>	-	-	-	-	-
<i><u>Investor's interest</u></i>					
<i>On-Balance Sheet</i>	-	-	-	-	-
<i>Off-Balance Sheet</i>	-	-	-	-	-
<i>Sub-total</i>	-	-	-	-	-
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)

(RM'000) Securitisation Exposures	CIMBBG				
	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					
<i>On-Balance Sheet</i>	4,975	–	17	12	372
<i>Off-Balance Sheet</i>	–	–	–	–	–
<i>Sub-total</i>	4,975	–	17	12	372
Originated by Banking Institution					
<i>On-Balance Sheet</i>	–	–	–	–	–
<i>Off-Balance Sheet</i>	–	–	–	–	–
<i>Sub-total</i>	–	–	–	–	–
Securitisation subject to Early Amortisation					
<u>Seller's interest</u>					
<i>On-Balance Sheet</i>	–	–	–	–	–
<i>Off-Balance Sheet</i>	–	–	–	–	–
<u>Investor's interest</u>					
<i>On-Balance Sheet</i>	–	–	–	–	–
<i>Off-Balance Sheet</i>	–	–	–	–	–
<i>Sub-total</i>	–	–	–	–	–
TOTAL (TRADITIONAL SECURITISATION)	4,975	–	17	12	372

As at 31 December 2022 and 31 December 2021, 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 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 operational risk controls monitoring 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 senior management committee 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 control environment of CIMB Group and reports to the GRCC on material operational and reputational risks. Reputation risk is defined as current or prospective risk to earnings and capital arising from the adverse perception by the stakeholders about the Group's business practices, conduct or financial condition.

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) Board and senior 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;
 - New 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 or varied product with changes to the process flow is subjected to a 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 2022 and 31 December 2021 are as follows:

TABLE 28(A): REALISED GAINS/(LOSSES) FROM SALES AND LIQUIDATIONS, AND UNREALISED GAINS OF EQUITIES FOR CIMBBG

(RM'000)	CIMBBG	
	2022	2021
Realised loss		
Shares, private equity funds and unit trusts	-	-
Unrealised gains		
Shares, private equity funds and unit trusts	38,506	51,954

There were no realised and unrealised gained or losses for equity holdings in banking book for CIMBISLG and CIMBIBG as at 31 December 2022 and 31 December 2021.

The following table shows an analysis of equity investments by appropriate equity groupings and Risk-Weighted assets as at 31 December 2022 and 31 December 2021 for the Group:

TABLE 29(A): ANALYSIS OF EQUITY INVESTMENTS BY GROUPING AND RWA FOR CIMBBG

(RM'000)	CIMBBG			
	2022		2021	
	Exposures subject to Risk- Weighting	RWA	Exposures subject to Risk- Weighting	RWA
Privately held	1,658,490	2,487,735	1,739,576	2,609,364
Publicly traded	72	72	83	83
Total	1,658,562	2,487,807	1,739,659	2,609,447

TABLE 29(B): ANALYSIS OF EQUITY INVESTMENTS BY GROUPING AND RWA FOR CIMBISLG

(RM'000)	CIMBISLG			
	2022		2021	
	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			
	2022		2021	
	Exposures subject to Risk- Weighting	RWA	Exposures subject to Risk- Weighting	RWA
(RM'000)				
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

(RM'000) Currency	CIMBBG	
	2022	2021
	+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(3,148,261)	(3,106,269)
US Dollar	(127,165)	(139,763)
Thai Baht	(499,026)	(450,557)
Singapore Dollar	(241,653)	(341,014)
Others	(40,639)	(56,777)
Total	(4,056,744)	(4,094,380)



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	
	2022	2021
	+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(826,305)	(852,495)
US Dollar	2,965	(989)
Thai Baht	-	-
Singapore Dollar	1	1
Others	(644)	(999)
Total	(823,983)	(854,482)

TABLE 30(C): IRRBB – IMPACT ON ECONOMIC VALUE FOR CIMBIBG

(RM'000) Currency	CIMBIBG	
	2022	2021
	+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(104)	(16)
US Dollar	-	-
Thai Baht	-	-
Singapore Dollar	-	-
Others	-	-
Total	(104)	(16)

- Earnings-at-Risk:**

is 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 taking into consideration forecasts on new business generation and 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

(RM'000) Currency	CIMBBG	
	2022 +100bps	2021
	Increase/(Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	22,345	(8,370)
US Dollar	(264,259)	(244,719)
Thai Baht	(83,358)	(88,561)
Singapore Dollar	8,676	(32,617)
Others	33,096	58,441
Total	(283,500)	(315,826)

TABLE 31(B): RORBB – IMPACT ON EARNINGS FOR CIMBISLG

(RM'000) Currency	CIMBISLG	
	2022 +100bps	2021
	Increase/(Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	34,761	(35,845)
US Dollar	(37,069)	(16,760)
Thai Baht	9	9
Singapore Dollar	(27)	(20)
Others	(2,925)	549
Total	(5,251)	(52,067)

TABLE 31(C): IRRBB – IMPACT ON EARNINGS FOR CIMBIBG

(RM'000) Currency	CIMBIBG	
	2022 +100bps	2021
	Increase/(Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	5,039	5,049
US Dollar	-	-
Thai Baht	-	-
Singapore Dollar	-	-
Others	-	(8)
Total	5,039	5,041



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. 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.



Our Integrated Annual Report cover features CIMB's chevron, reinforcing our commitment to advance customers and society forward into the future. The hexagon on the cover of our Financial Statements represents our multi-dimensional approach to planning and delivering growth. Finally, our Sustainability Report cover features a circle that reflects our greater responsibility in driving business and relationships along our value chain.

Together the three covers of CIMB's 2022 Integrated Annual Report convey our journey of moving Forward, achieving sustainable growth and delivering value for all stakeholders.



SIMPLICITY

We have gone sparse – replacing full scale and massive images with more icons, and limited the use of colours, keeping it rich.



CLEAN LINES

We optimised use of line-drawings, non-filled bar graphs/charts, and clean lines for clarity and visually more pleasing and easier to decipher.



MINIMAL ART

Our design this year balances between a clever play of space, creative design, and icons and tighter leadings and margins for text to reduce number of pages.



MONOCHROMATIC COLOR PALETTE

By using a single base colour, and its variant shades and tones, we minimised the use of multiple colours that require more ink, with potential wastage.



REDUCTIVISM

Where possible, we have avoided and reduced the need for heavy texts, fonts, and design elements including photographs etc.

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