

Registration No: 197201001799 (13491-P)

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Reports and Financial Statements for the financial year ended 31 December 2022**

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Reports and Financial Statements for the financial year ended 31 December 2022**

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# **CIMB Bank Berhad**

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## **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 CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2022.

### **Principal activities**

The principal activities of the Bank during the financial year are commercial banking and the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 16 to the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

### **Financial results**

	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit after taxation and zakat attributable to:		
- Owners of the Parent	<b>4,144,030</b>	<b>2,792,711</b>
- Non-controlling interests	<b>20,190</b>	<b>-</b>
	<b><u>4,164,220</u></b>	<b><u>2,792,711</u></b>

# CIMB Bank Berhad

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## Directors' Report for the financial year ended 31 December 2022 (Continued)

### Dividends

The dividends on ordinary shares paid or declared by the Bank since 31 December 2021 are as follow:

	<b>RM'000</b>
<b>In respect of the financial year ended 31 December 2021:</b>	
Single tier 2nd interim dividend of 10.35 sen per ordinary share, paid on 15 March 2022	<u><b>651,012</b></u>
<b>In respect of the financial year ended 31 December 2022:</b>	
Single tier 1st interim dividend of 19.75 sen per ordinary share, paid on 29 September 2022	<u><b>1,253,258</b></u>

The Directors have proposed a single tier second interim dividend of approximately 15.13 sen per share on 6,482,931,878 ordinary shares, amounting to RM981 million in respect of the financial year ended 31 December 2022. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 30 January 2023.

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

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2022.

## **CIMB Bank Berhad**

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### **Directors' Report for the financial year ended 31 December 2022 (Continued)**

#### **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.

#### **Issuance of shares**

On 20 June 2022, the 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.

On 10 November 2022, the Bank issued 137.3 million ordinary shares at RM5.84 per share. The issuance has resulted in an increase in ordinary shares of RM802.0 million.

#### **Bad and doubtful debts, and financing**

Before the Financial Statements of the Group and of the Bank 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 Bank, inadequate to any substantial extent.

#### **Current assets**

Before the Financial Statements of the Group and of the Bank 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 Bank, 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 Bank misleading.

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **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 Bank 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 Bank 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 Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability in the Group or the Bank 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 Bank and its subsidiaries to meet their obligations when they fall due.

### **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 Bank, 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 Bank'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 Bank for the financial year in which this Report is made other than those disclosed in Note 52.2 to the Financial Statements.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Directors**

The Directors of the Bank 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:

#### **Directors**

Datuk Mohd Nasir bin Ahmad  
Dato' Abdul Rahman Ahmad  
Dato' Lee Kok Kwan  
Mr. Chu Hong Keong  
Mr. Sukanta Kumar Dutt  
Puan Nadzirah Abd Rashid  
Encik Hafriz Abdul Rahman (Appointed on 1 July 2022)  
Ms. Serena Tan Mei Shwen (Resigned on 30 April 2022)  
Datin Grace Yeoh Cheng Geok (Retired on 20 August 2022)  
Ms. Ong Soo Chan (Appointed on 1 March 2023)

In accordance with Article 108 of the Bank's Constitution, the following Directors will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election:

Puan Nadzirah Abd Rashid  
Mr. Chu Hong Keong

In accordance with Article 113 of the Bank's Constitution, the following Directors will retire from the Board at the forthcoming AGM and being eligible, offer themselves for re-election:

Encik Hafriz Abdul Rahman  
Ms. Ong Soo Chan

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

**CIMB Bank Berhad**

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**Directors' Report  
for the financial year ended 31 December 2022 (Continued)****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 ultimate holding company and its related corporation during the financial year are as follows:

	As at 1 January 2022	Number of ordinary shares		As at 31 December 2022
		Acquired/ Granted	Disposed	
<b><u>Ultimate holding company</u></b>				
<b><u>CIMB Group Holdings Berhad ("CIMB Group")</u></b>				
<b>Direct interest</b>				
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

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

	As at 1 January 2022	Number of ordinary shares		As at 31 December 2022
		Acquired	Disposed	
*Datin Rosemary Yvonne Fong	90,805	4,693 (b)	-	95,498

(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

	As at 1 January 2022	Number of shares held		As at 31 December 2022
		Granted	Disposed	
<b><u>Related Company - PT Bank CIMB Niaga Tbk</u></b>				
<b>Direct interest</b>				
Dato' Lee Kok Kwan*	427,305	-	-	427,305

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

	As at 1 January 2022	Number of shares held		As at 31 December 2022
		Granted	Disposed	
*Datin Rosemary Yvonne Fong	12,445	-	-	12,445



# CIMB Bank Berhad

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## Directors' Report for the financial year ended 31 December 2022 (Continued)

### Directors' interests in shares, share options and debentures (Continued)

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

	As at	Debentures held		As at
	1 January 2022	Acquired	Disposed	31 December 2022
<b><u>Ultimate holding company</u></b>				
<b>CIMB Group Holdings Berhad ("CIMB Group")</b>				
<b>- Perpetual Subordinated Capital Securities</b>				
Dato' Lee Kok Kwan	RM1,000,000	-	-	RM1,000,000
<b><u>Related company - PT Bank CIMB Niaga Tbk</u></b>				
<b>- Subordinated Notes</b>				
Dato' Lee Kok Kwan	IDR5,000,000,000	-	-	IDR5,000,000,000

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

## **CIMB Bank Berhad**

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### **Directors' Report for the financial year ended 31 December 2022 (Continued)**

#### **Directors' interests in shares, share options and debentures (Continued)**

##### 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 fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting. 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, where vesting is subject to service conditions. 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 service and performance conditions (based on return on equity targets and individual performance), 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 as set out in Note 44(g) to the Financial Statements.

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**Directors' Report  
for the financial year ended 31 December 2022 (Continued)****Directors' interests in shares, share options and debentures (Continued)**

(i) Details of ESOS shares awarded:

Award Date	Fair Value	Awarded	Vesting Dates
	RM	(Units'000)	
9 June 2021 - first grant	0.45	216,758	31-Mar-24
			31-Mar-25
31 March 2022 - second grant	0.75	8,991	31-Mar-24
			31-Mar-25
8 September 2022 - third grant	0.74	3,430	31-Mar-24
			31-Mar-25
8 December 2022 - fourth grant	0.81	660	31-Mar-24
			31-Mar-25

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2022:

Award Date	CIMB Bank Group					
	As at	Movement during the year			Outstanding as at	Exercisable as at
	1 January 2022	Awarded	Exercised	Expired / Forfeited	31 December 2022	31 December 2022
	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021 - first grant	170,463	-	-	(12,964)	157,499	-
31 March 2022 - second grant	-	4,940	-	(70)	4,870	-
8 September 2022 - third grant	-	3,106	-	-	3,106	-
8 December 2022 - fourth grant	-	660	-	-	660	-

Award Date	CIMB Bank					
	As at	Movement during the year			Outstanding as at	Exercisable as at
	1 January 2022	Awarded	Exercised	Expired / Forfeited	31 December 2022	31 December 2022
	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021 - first grant	140,683	-	-	(12,627)	128,056	-
31 March 2022 - second grant	-	4,461	-	(70)	4,391	-
8 September 2022 - third grant	-	2,719	-	-	2,719	-
8 December 2022 - fourth grant	-	660	-	-	660	-

(ii) Details of SGP shares awarded:

Award Date	Fair Value	Awarded	Vesting Dates	
	MYR	(Units'000)		
9 June 2021 - first grant	4.65	15,748	31-Mar-24	Subject to performance conditions
			31-Mar-25	
31 March 2022 - second grant	5.33	1,965	31-Mar-24	
			31-Mar-25	
8 September 2022 - third grant	5.40	736	31-Mar-24	
			31-Mar-25	
8 December 2022 - fourth grant	5.61	142	31-Mar-24	
			31-Mar-25	

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**Directors' Report  
for the financial year ended 31 December 2022 (Continued)****Directors' interests in shares, share options and debentures (Continued)**

(ii) Details of SGP shares awarded: (Continued)

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2022:

Award Date	CIMB Bank Group			As at 31 December 2022 (Units'000)
	As at 1 January 2022 (Units'000)	Movement during the year		
		Awarded (Units'000)	Forfeited (Units'000)	
9 June 2021 - first grant	12,386	-	(944)	11,442
31 March 2022 - second grant	-	1,079	(15)	1,064
8 September 2022 - third grant	-	666	-	666
8 December 2022 - fourth grant	-	142	-	142

Award Date	CIMB Bank			As at 31 December 2022 (Units'000)
	As at 1 January 2022 (Units'000)	Movement during the year		
		Awarded (Units'000)	Forfeited (Units'000)	
9 June 2021 - first grant	10,224	-	(920)	9,304
31 March 2022 - second grant	-	974	(15)	959
8 September 2022 - third grant	-	584	-	584
8 December 2022 - fourth grant	-	142	-	142

Executive Director and Key Management Personnel who have been awarded with the ESOS and SGP by the bank and other related companies during the financial year ended 31 December 2022 are listed below:

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

CIMB Bank	2022	
	No of ESOS Awarded (Units'000)	No of SGP Awarded (Units'000)
	Name	
Dato' Abdul Rahman Ahmad	-	-
Key Management Personnel	1,842	404

# CIMB Bank Berhad

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## Directors' Report for the financial year ended 31 December 2022 (Continued)

### Directors' remuneration

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

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
- Salary and other remuneration	7,298	5,009	7,298	5,009
- Benefits-in-kind	125	30	125	30
	<u>7,423</u>	<u>5,039</u>	<u>7,423</u>	<u>5,039</u>
Non-Executive Directors				
- Fees	928	993	845	945
- Other remuneration	1,319	1,304	1,215	1,187
	<u>2,247</u>	<u>2,297</u>	<u>2,060</u>	<u>2,132</u>
	<u>9,670</u>	<u>7,336</u>	<u>9,483</u>	<u>7,171</u>

The Directors and Officers of the Group and of the Bank 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 Bank amounted to RM1,329,572 (2021: RM1,291,368) and RM900,635 (2021: RM872,098) respectively.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 45 to the Financial Statements or the fixed salary as a full time employee of the Bank) by reason of a contract made by the Bank 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 Bank is a party, with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than the Management Equity Scheme, Equity Ownership Plan and Long Term Incentive Plan of the ultimate holding company (shown in Note 44 to the Financial Statements) as disclosed in this Report.

### **Subsidiaries**

(a) Details of subsidiaries

Details of subsidiaries are as set out in Note 16 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 16 to the Financial Statements.

### **Auditors' Remuneration**

Auditors' remuneration of the Group and the Bank are RM13,152,000 and RM9,808,000 respectively. Details of auditors' remuneration are as set out in Note 41 to the Financial Statements.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **2022 Business Plan and Strategy**

In 2022, we maintained a cautious outlook in line with the tapering of global economic growth as the Bank emphasised cost optimisation with various initiatives across segments and divisions. brought by persisting geopolitical risks, global supply disruptions, rising inflation & interest rates, and a looming recession. During the year, we continue to drive our Forward23+ strategic plan in the areas of loans & CASA growth, RAROC optimization, Preferred Banking & wealth management while prudently managing costs with a digital led focus on the areas of operational digitalization, payments, sales enablement and acquisition.

We continued a prudent credit risk posture through credit enhancement strategies, managing asset quality and ensuring collection activities remain robust as customers come out of payment assistance programs. We supported customers impacted by floods through flood relief program during the year. Digital proliferation efforts continued via various enhancements and leveraging eKYC to provide customers greater ease for digital transactions, account opening and enabling customer acquisition. Cost discipline remained an integral focal point.

The Group registered a profit before taxation and zakat of RM6,406 million for the financial year ended 31 December 2022, RM3,138 million or 96.0% higher as compared to the profit before taxation and zakat of RM3,268 million registered in the previous corresponding year.

During the financial year under review, the Group registered higher net interest income (after modification loss) by RM453 million, higher income from Islamic banking operations by RM380 million, higher net non-interest income by RM106 million and lower overhead by RM49 million. Expected credit losses were lower for all the products.

The two main operating subsidiaries of the Bank are CIMB Islamic Bank Berhad and CIMB Thai Bank Public Company Limited (“CIMB Thai”). Their total assets contributed approximately 25.0% (2021: 23.5%) and 11.0% (2021: 9.5%) respectively to the Bank consolidated total assets and their profit before taxation and zakat contributed approximately 23.4% (2021: 35.9%) and 7.6% (2021: 9.4%) to the Bank’s consolidated profit before taxation.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Outlook for 2023**

The Bank is approaching 2023 with cautious optimism in line with expectations of continued economic growth within our key operating countries and segments. The Bank 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 Bank'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 Bank expects continue positive financial performance going into 2023 with prudent loan growth, controlled loan loss provisions and stringent cost management.

The Bank 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.



## CIMB Bank Berhad

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### Directors' Report for the financial year ended 31 December 2022 (Continued)

#### Ratings by External Rating Agencies

Details of the ratings of the Bank and its debt securities are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Malaysian Rating Corporation Berhad ("MARC")	July 2022	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> <li>3. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme</li> </ol>	<p>AAA MARC-1</p> <p>AA+</p>	Stable
RAM Rating Services Berhad ("RAM")	August 2022	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> <li>3. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme                             <ul style="list-style-type: none"> <li>- Issuances on or after 1 January 2016 with non-viability events linked to CIMB Bank Berhad as well as CIMB Group Holdings Berhad and its subsidiaries</li> </ul> </li> <li>4. RM10.0 billion Additional Tier I Capital Securities Programme</li> <li>5. RM20.0 billion Medium Term Notes Programme</li> <li>6. RM15.0 billion Sukuk Wakalah Programme</li> <li>7. RM15.0 billion Tier-2 Subordinated Sukuk Wakalah Programme</li> <li>8. RM15.0 billion Additional Tier-1 Sukuk Wakalah Programme</li> </ol>	<p>AAA P1</p> <p>AA<sub>2</sub> A<sub>1</sub> AAA AAA AA<sub>2</sub> A<sub>1</sub></p>	Stable

## CIMB Bank Berhad

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### Directors' Report for the financial year ended 31 December 2022 (Continued)

#### Ratings by External Rating Agencies (Continued)

Details of the ratings of the Bank and its debt securities are as follows (Continued):

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service ("Moody's")	31 January 2023	<ol style="list-style-type: none"> <li>1. Long-term Foreign Currency Bank Deposits Rating</li> <li>2. Short-term Foreign Currency Bank Deposits Rating</li> <li>3. Long-term Domestic Currency Bank Deposits Rating</li> <li>4. Short-term Domestic Currency Bank Deposits Rating</li> <li>5. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme</li> <li>6. Senior Unsecured</li> <li>7. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/ Subordinated)</li> </ol>	<p>A3 P-2 A3 P-2 (P)A3 A3 (P)A3/ (P)Ba1</p>	Stable
Standard & Poor's Ratings Services ("S&P")	June 2022	<ol style="list-style-type: none"> <li>1. Long-term Foreign Currency Rating</li> <li>2. Short-term Foreign Currency Rating</li> <li>3. Long-term Local Currency Rating</li> <li>4. Short-term Local Currency Rating</li> </ol>	<p>A- A-2 A- A-2</p>	Stable

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **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 the 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 Bank's Islamic banking and finance operations as well as those Islamic business undertaken under its subsidiaries that it has management control. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee (BSC) of CIMB Group as established under CIMB Islamic Bank Berhad, the core Islamic banking and finance operating entity of the Group.

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 Bank and its subsidiaries that it has management control. 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 its business 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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Board Shariah Committee (Continued)**

The Board hereby affirms based on advice of the BSC that the operations of the Bank and its subsidiaries that it has management control has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the BSC in a separate BSC Report made herein.

### **Meetings and Attendance**

BSC convened 10 meetings during the financial year 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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Board Shariah Committee (Continued)**

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.

### **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.

The obligation and responsibility for specific payment of zakat on depositors fund lies with its Muslim customers only. The aforesaid is subject to the jurisdictional requirements on zakat payment as may be applicable from time to time on the Bank 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 event after the financial year end**

Significant event after the financial year is disclosed in Note 52.2 to the Financial Statements.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Statement of Directors' Responsibility**

In preparing the Financial Statements, the Directors have ensured that Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the Financial Statements of the Group and the Bank present a true and fair view of the financial position of the Group and of the Bank as at 31 December 2022 and financial performance of the Group and of the Bank for the financial year ended 31 December 2022.

The Financial Statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the Financial Statements with reasonable accuracy.

The Directors have also overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group and the Bank manage the risk of failure to achieve business.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 22 of the Directors' Report.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Directors' Report for the financial year ended 31 December 2022 (Continued)**

#### **Ultimate holding company**

The Directors regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

#### **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 bin Ahmad**  
Director



**Dato' Abdul Rahman Ahmad**  
Director

8 March 2023

## **CIMB Bank Berhad**

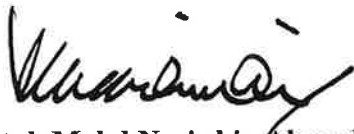
(Incorporated in Malaysia)

### **Statement by Directors**

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

We, Datuk Mohd Nasir bin Ahmad and Dato' Abdul Rahman Ahmad, being two of the Directors of CIMB Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 33 to 457 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2022 and financial performance of the Group and of the Bank for the financial year ended 31 December 2022, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), 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 bin Ahmad**  
Director



**Dato' Abdul Rahman Ahmad**  
Director

8 March 2023



## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **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 Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 33 to 457 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



205, Bangunan Loke Yew  
4, Jln Mahkamah Persekutuan  
50050 Kuala Lumpur (W.P.)

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **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, are responsible to assist the Board in the oversight and management of Shariah matters in the operation of the Bank. Although the Board is ultimately responsible and accountable for all Shariah matters under the Bank, the Board relies on our independent advice on the same.

Our main responsibility and accountability is to assist the Board in ensuring that the Bank's Islamic banking and finance businesses do 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 Bank) in the relevant jurisdiction that the Bank 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 Islamic banking and finance operations of the Bank has 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 Malaysian regulators and where relevant by the financial regulators in the relevant jurisdictions that the Bank's 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 hereinbefore.

In making our independent assessment and confirmation, we have always recognised the importance of the Bank 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Board Shariah Committee's Report (Continued)**

In this regard sufficient internal controls are in place to ensure that any new Islamic financial transaction is properly authorised; the Bank'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 Bank 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 Bank'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 Bank's Islamic banking and finance operations on a scheduled and periodic basis.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Board Shariah Committee's Report (Continued)**

To strengthen the compliance towards Shariah, the Bank has continuously instilled a Shariah-compliance culture by adopting a holistic top-down approach within the organisation. At the apex, the Bank set an appropriate 'tone from the top', where the Board and Shariah Committee play their oversight role on the Shariah governance in the Bank. The Bank 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.

The Bank also continues capacity building programmes to inculcate strong shariah knowledge within the Bank. The Bank 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 had 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 Bank is responsible and accountable to the Board to ensure that the businesses of the Bank 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 Bank 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, 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 Bank'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; and
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; and
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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Board Shariah Committee's Report (Continued)**

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 Bank. 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 Bank 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 BANK BERHAD  
(Incorporated in Malaysia)  
Registration No. 197201001799 (13491-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB Bank Berhad (“the Bank”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2022, and of their financial performance and their cash flows for the 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 Bank, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Bank, 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 Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 33 to 457.

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 Bank 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.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF CIMB BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 197201001799 (13491-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and Board Shariah Committee's Report , but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF CIMB BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 197201001799 (13491-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (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 Bank'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 BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 197201001799 (13491-P)

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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (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.

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 16 to the financial statements.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF CIMB BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 197201001799 (13491-P)

OTHER MATTERS

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

A handwritten signature in black ink that reads 'PricewaterhouseCoopers PLT'.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

A handwritten signature in black ink that reads 'NG YEE LING'.

NG YEE LING  
03032/01/2025 J  
Chartered Accountant

Kuala Lumpur  
8 March 2023

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Financial Position  
as at 31 December 2022**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Cash and short-term funds	2(a)	37,156,527	34,641,588	21,749,413	22,003,264
Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah	4	9,607,095	5,414,051	8,370,639	4,962,362
Deposits and placements with banks and other financial institutions	2(b)	2,655,745	3,556,817	7,069,270	3,434,775
Investment account placement	3	-	-	3,576,590	3,919,753
Financial investments at fair value through profit or loss	5	30,611,899	38,419,622	25,704,819	29,259,195
Debt instruments at fair value through other comprehensive income	6	48,472,288	46,474,157	34,706,107	35,081,261
Equity instruments at fair value through other comprehensive income	7	274,621	288,587	267,757	274,727
Debt instruments at amortised cost	8	58,339,507	50,479,403	46,772,580	41,047,382
Derivative financial instruments	26	17,793,200	11,827,855	8,160,302	6,181,857
Loans, advances and financing	9	340,829,961	313,978,579	198,109,269	192,712,187
Other assets	10	8,809,159	7,204,439	5,491,325	4,808,753
Amounts due from holding company and ultimate holding company	11	13,555	15,909	13,544	15,909
Amounts due from subsidiaries	12	-	-	7,031	9,282
Amounts due from related companies	13	2,949,125	2,145,385	2,946,427	2,142,164
Tax recoverable		82,508	419,394	52,473	405,976
Deferred taxation	14	1,363,733	1,269,525	934,271	891,970
Statutory deposits with central banks	15	8,371,731	1,960,005	5,948,817	1,467,797
Investment in subsidiaries	16	-	-	6,793,718	6,823,365
Investment in joint venture	17	162,906	151,157	125,000	125,000
Property, plant and equipment	18	898,969	843,318	622,654	557,611
Right-of-use assets	19	466,076	507,723	382,229	440,055
Goodwill	20	3,938,393	3,934,802	3,555,075	3,555,075
Intangible assets	21	1,171,260	1,218,478	1,006,495	1,040,962
		<b>573,968,258</b>	<b>524,750,794</b>	<b>382,365,805</b>	<b>361,160,682</b>
Non-current assets held for sale	55	7,471	19,595	7,471	19,595
<b>Total assets</b>		<b>573,975,729</b>	<b>524,770,389</b>	<b>382,373,276</b>	<b>361,180,277</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Financial Position  
as at 31 December 2022 (Continued)**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Liabilities</b>					
Deposits from customers	22	375,557,348	357,504,040	239,701,016	235,782,310
Investment accounts of customers	23	13,684,632	10,427,167	-	-
Deposits and placements of banks and other financial institutions	24	33,651,841	30,003,495	29,449,368	26,030,036
Repurchase agreements/Collateralised Commodity Murabahah		34,456,301	28,815,159	30,033,769	25,199,077
Financial liabilities designated at fair value through profit or loss	25	6,668,894	3,285,777	1,119,964	261,682
Derivative financial instruments	26	17,267,265	10,807,410	7,803,618	5,597,918
Bills and acceptances payable		1,408,497	1,273,871	664,513	529,007
Other liabilities	27	18,442,588	11,475,294	12,312,537	8,172,414
Lease liabilities	28	485,678	535,971	397,838	466,217
Recourse obligation on loans and financing sold to Cagamas	29	650,667	998,246	650,667	998,246
Amounts due to subsidiaries	12	-	-	456,615	273,949
Amounts due to related companies	13	17,757	6,972	8,548	2,679
Provision for taxation and zakat		23,189	117,912	-	-
Bonds, Sukuk and debentures	30	9,436,209	11,800,169	8,629,698	9,849,786
Other borrowings	31	3,340,333	2,822,811	3,244,898	2,713,798
Subordinated obligations	32	9,969,400	9,082,448	9,517,776	8,616,795
<b>Total liabilities</b>		<b>525,060,599</b>	<b>478,956,742</b>	<b>343,990,825</b>	<b>324,493,914</b>
<b>Equity</b>					
<b>Capital and reserves attributable to owners of the Parent</b>					
Ordinary share capital	34	22,979,762	21,855,078	22,979,762	21,855,078
Reserves	36	25,403,623	23,443,428	15,172,949	14,601,545
		48,383,385	45,298,506	38,152,711	36,456,623
Perpetual preference shares	35	200,000	200,000	200,000	200,000
Redeemable preference shares	33	29,740	29,740	29,740	29,740
Non-controlling interests		302,005	285,401	-	-
<b>Total equity</b>		<b>48,915,130</b>	<b>45,813,647</b>	<b>38,382,451</b>	<b>36,686,363</b>
<b>Total equity and liabilities</b>		<b>573,975,729</b>	<b>524,770,389</b>	<b>382,373,276</b>	<b>361,180,277</b>
<b>Commitments and contingencies</b>	50	<b>1,328,521,371</b>	<b>1,173,982,279</b>	<b>625,137,662</b>	<b>646,715,842</b>
<b>Net assets per ordinary share attributable to owners of the Parent (RM)</b>		<b>7.46</b>	<b>7.20</b>	<b>5.89</b>	<b>5.80</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Income  
for the financial year ended 31 December 2022**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	37(a)	13,072,011	11,071,133	11,389,571	9,376,370
Interest income for financial assets at fair value through profit or loss	37(b)	623,510	435,925	523,987	340,837
Interest expense	38	(5,525,003)	(3,720,986)	(5,071,531)	(3,313,064)
Net interest income (before modification loss)		8,170,518	7,786,072	6,842,027	6,404,143
Modification gain/(loss)	39	6,707	(62,078)	(1,260)	(34,143)
Net interest income (after modification loss)		8,177,225	7,723,994	6,840,767	6,370,000
Income from Islamic banking operations	57	3,244,643	2,864,292	83,811	94,657
Net non-interest income	40	2,881,223	2,775,588	3,602,139	3,374,607
Net income		14,303,091	13,363,874	10,526,717	9,839,264
Overheads	41	(6,712,532)	(6,761,891)	(5,483,782)	(5,569,499)
Profit before expected credit losses		7,590,559	6,601,983	5,042,935	4,269,765
Expected credit losses on loans, advances and financing	42	(1,115,366)	(1,569,372)	(562,460)	(968,224)
Expected credit losses for commitments and contingencies written back/(made)	27(b)	29,660	(76,549)	(59,444)	(32,736)
Other expected credit losses and impairment allowances	43	(115,646)	(484,010)	(18,455)	(369,730)
Impairment of goodwill	20	-	(1,215,197)	-	-
Profit after expected credit losses		6,389,207	3,256,855	4,402,576	2,899,075
Share of results of joint venture	17	16,749	10,999	-	-
Profit before taxation and zakat		6,405,956	3,267,854	4,402,576	2,899,075
Taxation and zakat	46	(2,241,736)	(969,079)	(1,609,865)	(583,127)
<b>Profit after taxation and zakat</b>		<b>4,164,220</b>	<b>2,298,775</b>	<b>2,792,711</b>	<b>2,315,948</b>
<b>Profit for the financial year attributable to:</b>					
Owners of the Parent		4,144,030	2,282,948	2,792,711	2,315,948
Non-controlling interests		20,190	15,827	-	-
		<b>4,164,220</b>	<b>2,298,775</b>	<b>2,792,711</b>	<b>2,315,948</b>
<b>Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)</b>	47	<b>65.38</b>	36.81	<b>44.06</b>	37.34

**CIMB Bank Berhad**

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

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the financial year	<b>4,164,220</b>	2,298,775	<b>2,792,711</b>	2,315,948
Other comprehensive (expense)/income:				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of post employment benefits obligations	<b>16,330</b>	28,761	-	-
- Actuarial gain	<b>20,346</b>	27,992	-	-
- Income tax effects	<b>(4,069)</b>	(908)	-	-
- Currency translation difference	<b>53</b>	1,677	-	-
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	<b>(25,541)</b>	(43,912)	<b>328</b>	(4)
- Net (loss)/gain from change in fair value	<b>(24,198)</b>	(46,189)	<b>328</b>	(4)
- Currency translation difference	<b>(1,343)</b>	2,277	-	-
Equity instruments at fair value through other comprehensive income	<b>(13,232)</b>	23,396	<b>(11,607)</b>	17,827
- Net (loss)/gain from change in fair value	<b>(8,525)</b>	29,982	<b>(7,252)</b>	26,050
- Income tax effects	<b>(11)</b>	(4,979)	<b>(29)</b>	(4,805)
- Currency translation difference	<b>(4,696)</b>	(1,607)	<b>(4,326)</b>	(3,418)
	<b>(22,443)</b>	8,245	<b>(11,279)</b>	17,823
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income	<b>(555,638)</b>	(877,909)	<b>(478,742)</b>	(671,622)
- Net loss from change in fair value	<b>(777,474)</b>	(798,586)	<b>(545,109)</b>	(619,176)
- Realised loss/(gain) transferred to statement of income on disposal	<b>140,442</b>	(292,670)	<b>5,464</b>	(204,600)
- Changes in expected credit losses	<b>(24,500)</b>	9,207	<b>(22,588)</b>	7,801
- Income tax effects	<b>106,239</b>	203,310	<b>83,836</b>	143,523
- Currency translation difference	<b>(345)</b>	830	<b>(345)</b>	830
Net investment hedge	<b>(295,066)</b>	(180,083)	<b>(261,328)</b>	(159,431)
Cash flow hedge	<b>(1,111)</b>	(17,680)	<b>1,552</b>	(11,305)
- Net (loss)/gain from change in fair value	<b>(1,509)</b>	(21,075)	<b>1,810</b>	(13,456)
- Income tax effects	<b>398</b>	3,395	<b>(258)</b>	2,151
Exchange fluctuation reserve	<b>548,592</b>	(192,381)	<b>393,436</b>	263,459
Deferred hedging cost	<b>21,352</b>	59,600	<b>22,289</b>	57,483
- Net gain from change in fair value	<b>20,121</b>	63,977	<b>21,058</b>	61,860
- Income tax effects	<b>1,231</b>	(4,377)	<b>1,231</b>	(4,377)
	<b>(281,871)</b>	(1,208,453)	<b>(322,793)</b>	(521,416)
Other comprehensive expense during the financial year, net of tax	<b>(304,314)</b>	(1,200,208)	<b>(334,072)</b>	(503,593)
<b>Total comprehensive income for the financial year</b>	<b>3,859,906</b>	1,098,567	<b>2,458,639</b>	1,812,355
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	<b>3,840,948</b>	1,108,003	<b>2,458,639</b>	1,812,355
Non-controlling interests	<b>18,958</b>	(9,436)	-	-
	<b>3,859,906</b>	1,098,567	<b>2,458,639</b>	1,812,355

# CIMB Bank Berhad

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## Statements of Changes in Equity for the financial year ended 31 December 2022

The Group	Attributable to owners of the Parent																					
	Fair value reserve										Capital contribution											
	Ordinary		Redeemable		Exchange		debt instruments		equity instruments		Costs of		Share-based		Own credit		Defined		by ultimate		Perpetual	
	Share	Preference	Statutory	fluctuation	through other	through other	Merger	Capital	Hedging	hedging	payment	Regulatory	risk	benefits	holding	Retained	Total	preference	Non-controlling	Total		
capital	Shares	reserve	reserve	comprehensive	comprehensive	deficit	reserve	reserve	reserve	reserve	reserve	reserve	reserve	company	earnings	Equity	shares	interests	Equity			
Note	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	RM'000	RM'000	RM'000	RM'000		
At 1 January 2022	21,855,078	29,740	73,305	1,988,726	(700,853)	15,892	(1,085,928)	805,772	(1,312,045)	164,628	32,253	129,196	(52,491)	(10,093)	27,136	23,367,930	45,328,246	200,000	285,401	45,813,647		
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,144,030	4,144,030	-	20,190	4,164,220		
Other comprehensive income/(expense)(net of tax)	-	-	-	548,132	(555,233)	(13,344)	-	-	(295,984)	21,352	217	-	(24,198)	15,486	490	-	(303,082)	-	(1,232)	(304,314)		
- debt instruments at fair value through other comprehensive income	-	-	-	-	(555,233)	-	-	-	-	-	-	-	-	-	-	-	(555,233)	-	(405)	(555,638)		
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(13,344)	-	-	-	-	-	-	-	-	-	-	(13,344)	-	112	(13,232)		
- net investment hedge	-	-	-	-	-	-	-	(295,066)	-	-	-	-	-	-	-	-	(295,066)	-	-	(295,066)		
- cash flow hedge	-	-	-	-	-	-	-	(918)	-	-	-	-	-	-	-	-	(918)	-	(193)	(1,111)		
- currency translation difference	-	-	-	548,132	-	-	-	-	-	217	-	-	-	-	490	-	548,839	-	(247)	548,592		
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	15,486	-	-	-	15,486	-	844	16,330		
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	(24,198)	-	-	-	(24,198)	-	(1,343)	(25,541)			
- deferred hedging cost	-	-	-	-	-	-	-	-	21,352	-	-	-	-	-	-	21,352	-	-	21,352			
Total comprehensive (expense)/income for the financial year	-	-	-	548,132	(555,233)	(13,344)	-	-	(295,984)	21,352	217	-	(24,198)	15,486	490	4,144,030	3,840,948	-	18,958	3,859,906		
Second interim dividend for the financial year ending 31 December 2021	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(651,012)	(651,012)	-	-	(651,012)		
First interim dividend for the financial year ending 31 December 2022	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,253,258)	(1,253,258)	-	-	(1,253,258)		
Share-based payment expense	34	-	-	-	-	-	-	-	-	18,029	-	-	-	-	45,566	-	63,595	-	-	63,595		
Issue of shares during the financial year	34	1,124,684	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,124,684	-	-	1,124,684		
Expiry of Management Equity Scheme	34	-	-	-	-	-	-	-	-	(1,307)	-	-	-	-	-	-	(1,307)	-	-	(1,307)		
Share of resigned staff under Equity Ownership Plan	34	-	-	-	-	-	-	-	-	67	-	-	-	-	-	-	67	-	-	67		
Shares released under Equity Ownership Plan	34	-	-	-	-	-	-	-	-	(38,838)	-	-	-	-	-	-	(38,838)	-	(72)	(38,910)		
Total transactions with owners recognised directly in equity	34	1,124,684	-	-	-	-	-	-	-	(22,049)	-	-	-	-	45,566	(1,904,270)	(756,069)	-	(72)	(756,141)		
Transfer to statutory reserve	36	-	-	13,836	-	-	-	-	-	-	-	-	-	-	-	(13,836)	-	-	-	-		
Transfer to regulatory reserve	36	-	-	-	-	-	-	-	-	-	288,800	-	-	-	-	(288,800)	-	-	-	-		
Transfer to capital reserve	36	-	-	-	-	-	35,207	-	-	-	-	-	-	-	-	(35,207)	-	-	-	-		
Dividend paid to non-controlling interests	36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,282)	(2,282)		
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	36	-	-	-	-	(280)	-	-	-	-	-	-	-	-	-	280	-	-	-	-		
At 31 December 2022		22,979,762	29,740	87,141	2,536,858	(1,256,086)	2,268	(1,085,928)	840,979	(1,608,029)	185,980	10,421	417,996	(76,689)	5,393	73,192	25,270,127	48,413,125	200,000	302,005	48,915,130	

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## Statements of Changes in Equity for the financial year ended 31 December 2022 (Continued)

The Group	Attributable to owners of the Parent																					
	Fair value reserve										Capital contribution											
	Ordinary		Redeemable		Exchange		debt instruments		equity instruments		Costs of		Share-based		Own credit		Defined		by ultimate		Perpetual	
	Share	Preference	Statutory	fluctuation	through other	through other	Merger	Capital	Hedging	hedging	payment	Regulatory	risk	benefits	holding	Retained	Total	preference	Non-controlling	interests	Total	
capital	Shares	reserve	reserve	comprehensive	comprehensive	deficit	reserve	reserve	reserve	reserve	reserve	reserve	reserve	company	earnings	Total	shares	interests	interests	Equity		
Note	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	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2021</b>	21,323,364	29,740	68,400	2,161,645	172,513	(15,109)	(1,085,928)	805,772	(1,115,253)	105,028	52,230	233,441	(10,849)	(37,367)	-	21,525,312	44,212,939	200,000	311,841	44,724,780		
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,282,948	2,282,948	-	15,827	2,298,775		
Other comprehensive income/(expense) (net of tax)	-	-	-	(172,919)	(873,366)	23,076	-	-	(196,792)	59,600	(88)	-	(41,642)	27,274	(88)	-	(1,174,945)	-	(25,263)	(1,200,208)		
- debt instruments at fair value through other comprehensive income	-	-	-	-	(873,366)	-	-	-	-	-	-	-	-	-	-	-	(873,366)	-	(4,543)	(877,909)		
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	23,076	-	-	-	-	-	-	-	-	-	23,076	-	320	23,396			
- net investment hedge	-	-	-	-	-	-	-	(180,083)	-	-	-	-	-	-	-	(180,083)	-	-	(180,083)			
- cash flow hedge	-	-	-	-	-	-	-	(16,709)	-	-	-	-	-	-	-	(16,709)	-	-	(971)			
- currency translation difference	-	-	-	(172,919)	-	-	-	-	-	(88)	-	-	-	-	(88)	(173,095)	-	(19,286)	(192,381)			
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	27,274	-	-	27,274	-	1,487	28,761			
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	(41,642)	-	-	-	(41,642)	-	(2,270)	(43,912)			
- deferred hedging cost	-	-	-	-	-	-	-	-	59,600	-	-	-	-	-	-	59,600	-	-	59,600			
Total comprehensive income/(expense) for the financial year	-	-	-	(172,919)	(873,366)	23,076	-	-	(196,792)	59,600	(88)	-	(41,642)	27,274	(88)	2,282,948	1,108,003	-	(9,436)	1,098,567		
First interim dividend for the financial year ended 31 December 2021	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(531,745)	(531,745)	-	-	(531,745)		
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	36,902	-	-	-	27,224	-	64,126	-	-	64,126		
Issue of shares during the financial year	34	531,714	-	-	-	-	-	-	-	-	-	-	-	-	-	531,714	-	-	-	531,714		
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(56,791)	-	-	-	-	-	(56,791)	-	(98)	(56,889)			
Total transactions with owners recognised directly in equity	531,714	-	-	-	-	-	-	-	-	(19,889)	-	-	-	27,224	(531,745)	7,304	-	(98)	7,206			
Transfer to statutory reserve	36	-	4,905	-	-	-	-	-	-	-	-	-	-	-	(4,905)	-	-	-	-			
Transfer from regulatory reserve	36	-	-	-	-	-	-	-	-	-	(104,245)	-	-	-	104,245	-	-	-	-			
Transfer to capital reserve	36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,906)	(16,906)			
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	7,925	-	-	-	-	-	-	-	-	(7,925)	-	-	-	-			
<b>At 31 December 2021</b>	21,855,078	29,740	73,305	1,988,726	(700,853)	15,892	(1,085,928)	805,772	(1,312,045)	164,628	32,253	129,196	(52,491)	(10,093)	27,136	23,367,930	45,328,246	200,000	285,401	45,813,647		





**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2022 (Continued)**

	← Non-distributable → Distributable																			
	Note	Fair value reserve										Capital contribution					Perpetual preference shares	Total Equity		
		Ordinary Share capital	Redeemable Preference Shares	Exchange fluctuation reserve	debt instruments at fair value through other comprehensive income		equity instruments at fair value through other comprehensive income		Merger deficit	Capital reserve	Hedging reserve	Costs of hedging reserve	Share-based payment reserve	Regulatory reserve	Own credit risk reserve	by ultimate holding company			Retained earnings	Total
					RM'000	RM'000	RM'000	RM'000												
<b>The Bank</b>																				
<b>At 1 January 2021</b>	21,323,364	29,740	603,041	84,638	13,201	(1,047,872)	746,852	(670,437)	98,479	46,764	20,409	3	-	13,421,113	34,669,295	200,000	34,869,295			
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,315,948	2,315,948	-	2,315,948		
Other comprehensive (expense)/income (net of tax)	-	-	263,311	(671,622)	17,827	-	-	(170,736)	57,483	145	-	(4)	3	-	(503,593)	-	(503,593)			
- debt instruments at fair value through other comprehensive income	-	-	-	(671,622)	-	-	-	-	-	-	-	-	-	-	(671,622)	-	(671,622)			
- equity instruments at fair value through other comprehensive income	-	-	-	-	17,827	-	-	-	-	-	-	-	-	-	17,827	-	17,827			
- net investment hedge	-	-	-	-	-	-	-	(159,431)	-	-	-	-	-	-	(159,431)	-	(159,431)			
- cash flow hedge	-	-	-	-	-	-	-	(11,305)	-	-	-	-	-	-	(11,305)	-	(11,305)			
- currency translation difference	-	-	263,311	-	-	-	-	-	-	145	-	-	3	-	263,459	-	263,459			
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	(4)	-	-	(4)	-	(4)			
- deferred hedging cost	-	-	-	-	-	-	-	-	57,483	-	-	-	-	-	57,483	-	57,483			
Total comprehensive income/(expense) for the financial year	-	-	263,311	(671,622)	17,827	-	-	(170,736)	57,483	145	-	(4)	3	2,315,948	1,812,355	-	1,812,355			
First interim dividend for the financial year ended 31 December 2021	48	-	-	-	-	-	-	-	-	-	-	-	-	(531,745)	(531,745)	-	(531,745)			
Share-based payment expense	-	-	-	-	-	-	-	-	-	33,780	-	-	22,398	-	56,178	-	56,178			
Issue of shares during the financial year	34	531,714	-	-	-	-	-	-	-	-	-	-	-	-	531,714	-	531,714			
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(51,434)	-	-	-	-	(51,434)	-	(51,434)			
Total transactions with owners recognised directly in equity	-	531,714	-	-	-	-	-	-	-	(17,654)	-	-	22,398	(531,745)	4,713	-	4,713			
Transfer to regulatory reserve	36	-	-	-	-	-	-	-	-	-	108,787	-	-	(108,787)	-	-	-			
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	7,200	-	-	-	-	-	-	-	-	(7,200)	-	-	-			
<b>At 31 December 2021</b>		21,855,078	29,740	866,352	(586,984)	38,228	(1,047,872)	746,852	(841,173)	155,962	29,255	129,196	(1)	22,401	15,089,329	36,486,363	200,000	36,686,363		

**CIMB Bank Berhad**

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**Statements of Cash Flows  
for the financial year ended 31 December 2022**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	<b>6,405,956</b>	3,267,854	<b>4,402,576</b>	2,899,075
Adjustments for:				
Depreciation of property, plant and equipment	<b>167,565</b>	149,680	<b>125,318</b>	106,950
Depreciation of right-of-use assets	<b>180,381</b>	193,989	<b>150,228</b>	165,414
Amortisation of intangible assets	<b>446,436</b>	596,604	<b>376,203</b>	511,904
Gain on disposal of property, plant and equipment/ assets held for sale	<b>(23,798)</b>	(16,780)	<b>(6,910)</b>	(11,398)
Gain on disposal of foreclosed assets	<b>(3,887)</b>	(9,674)	-	-
Intangible assets written off	<b>1,632</b>	37,807	<b>1,586</b>	27,173
Property, plant and equipment written off	<b>2,712</b>	3,713	<b>110</b>	2,046
Net loss/(gain) from sale of investment in debt instruments at fair value through other comprehensive income	<b>124,959</b>	(246,401)	<b>5,464</b>	(204,600)
Loss on disposal of loans, advances and financing	<b>1,267</b>	861	<b>4,478</b>	624
Net gain from sale of derivative financial instruments	<b>(5,042,345)</b>	(2,365,715)	<b>(4,279,103)</b>	(2,255,482)
Loss on sale of financial investments at fair value through profit or loss	<b>1,170,293</b>	498,125	<b>1,142,973</b>	392,712
Gain from redemption of debt instruments at amortised cost	<b>(12,740)</b>	(7,020)	<b>(12,740)</b>	(7,020)
Net gain from hedging activities	<b>(31,437)</b>	(5,427)	<b>(22,018)</b>	(3,280)
Unrealised loss/(gain) from financial investments at fair value through profit or loss	<b>87,682</b>	657,135	<b>(94,001)</b>	334,090
Unrealised (gain)/loss from financial liabilities designated at fair value through profit or loss	<b>(96,150)</b>	(211,148)	<b>3,515</b>	(17,533)
Unrealised loss/(gain) from derivative financial instruments	<b>504,057</b>	(1,084,122)	<b>476,014</b>	(691,507)
Unrealised loss on foreign exchange	<b>1,911,010</b>	1,568,222	<b>1,870,286</b>	1,507,147
Expected credit losses on loans, advances and financing	<b>1,557,878</b>	2,063,885	<b>812,760</b>	1,251,170
Other expected credit losses and impairment allowances	<b>115,646</b>	1,699,207	<b>18,455</b>	369,730
Interest income on debt instruments at fair value through other comprehensive income	<b>(1,356,184)</b>	(1,150,026)	<b>(1,218,934)</b>	(1,042,831)
Interest income on debt instruments at amortised cost	<b>(1,460,077)</b>	(1,393,587)	<b>(1,471,479)</b>	(1,433,915)
Interest expense on subordinated obligations	<b>350,058</b>	386,202	<b>343,703</b>	379,923
Interest expense on bonds, Sukuk and debentures	<b>297,084</b>	203,254	<b>265,248</b>	175,311
Interest expense on other borrowings	<b>41,283</b>	44,360	<b>57,622</b>	56,977
Interest expense on lease liabilities	<b>15,770</b>	17,691	<b>13,132</b>	15,717
Interest expense on recourse obligation on loans and financing sold to Cagamas	<b>26,454</b>	42,516	<b>26,454</b>	42,516
Accretion of discount less amortisation of premium	<b>20,735</b>	276,923	<b>(10,709)</b>	218,030
Dividend income	<b>(49,392)</b>	(60,359)	<b>(173,856)</b>	(129,379)
Expected credit losses for commitments and contingencies (written back)/made	<b>(29,660)</b>	76,549	<b>59,444</b>	32,736
Share-based payment expense	<b>63,595</b>	64,126	<b>53,458</b>	56,178
Share of results of joint venture	<b>(16,749)</b>	(10,999)	-	-
Modification (gain)/loss	<b>(6,707)</b>	62,078	<b>1,260</b>	34,143
	<b>5,363,327</b>	5,349,523	<b>2,920,537</b>	2,782,621

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2022 (Continued)**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>(Increase)/Decrease in operating assets</b>				
Reverse repurchase agreements/ reverse Collateralised Commodity Murabahah	(4,193,044)	748,638	(3,408,277)	958,899
Deposits and placements with banks and other financial institutions	(614,600)	(757,789)	(514,534)	(1,299,295)
Cash and short-term funds with original maturity of more than three months	1,741,680	(1,649,917)	1,660,729	(1,563,293)
Financial investments at fair value through profit or loss	5,993,149	198,610	1,955,895	30,807
Loans, advances and financing	(25,064,944)	(9,821,817)	(3,466,843)	(6,752,985)
Amount due from holding company and ultimate holding company	2,354	(15,380)	2,365	(15,380)
Amount due from subsidiaries	-	-	2,251	111,870
Amount due from related companies	(803,740)	(300,140)	(804,263)	(297,200)
Other assets	(6,517,004)	1,022,919	(4,939,556)	1,088,386
Statutory deposits with central banks	(6,411,726)	672,206	(4,481,020)	625,684
<b>Increase/(Decrease) in operating liabilities</b>				
Deposits from customers	18,053,308	9,478,165	3,918,706	12,718,607
Deposits and placements of banks and other financial institutions	3,648,346	(1,123,179)	3,419,332	759,073
Investment account of customers	3,257,465	7,748,297	-	-
Repurchase agreements/Collateralised Commodity Murabahah	5,641,142	3,091,627	4,834,692	1,097,462
Derivative financial instruments	5,077,580	1,924,179	4,087,129	1,850,532
Bills and acceptances payable	134,626	(319,917)	135,506	(323,740)
Financial liabilities designated at fair value through profit or loss	3,453,727	(563,917)	855,095	216,536
Amount due to subsidiaries	-	-	182,666	(145,722)
Amount due to related companies	10,785	(11,638)	5,869	(6,299)
Other liabilities	6,980,043	(140,213)	4,029,124	(189,311)
Cash flows generated from operations	15,752,474	15,530,257	10,395,403	11,647,252
Taxation and zakat paid	(1,938,358)	(1,122,048)	(1,152,069)	(754,326)
<b>Net cash generated from operating activities</b>	<b>13,814,116</b>	<b>14,408,209</b>	<b>9,243,334</b>	<b>10,892,926</b>
<b>Cash flows from investing activities</b>				
Dividend income	49,392	60,359	173,856	129,379
Investment in subsidiaries	-	-	27,377	(41,674)
Interest income received from debt instruments at fair value through other comprehensive income	1,539,099	1,228,970	1,211,238	969,014
Net purchase of debt instruments at fair value through other comprehensive income	(3,099,735)	(10,383,849)	(302,347)	(7,605,414)
Interest income received from debt instruments at amortised cost	1,837,808	1,883,187	1,383,655	1,451,710
Net purchase of debt instruments at amortised cost	(8,115,399)	(981,969)	(5,509,481)	9,331
Purchase of property, plant and equipment	(247,379)	(243,230)	(212,885)	(209,712)
Proceeds from disposal of property, plant and equipment/assets held for sale	65,678	109,569	46,964	98,789
Proceeds from disposal of intangible assets	1,104	10,281	-	-
Purchase of intangible assets	(394,619)	(407,871)	(338,932)	(351,202)
Right-of-use assets	(36,819)	(118,355)	(32,271)	(88,590)
<b>Net cash used in investing activities</b>	<b>(8,400,870)</b>	<b>(8,842,908)</b>	<b>(3,552,826)</b>	<b>(5,638,369)</b>

**CIMB Bank Berhad**

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**Statements of Cash Flows  
for the financial year ended 31 December 2022 (Continued)**

		The Group		The Bank	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
<b>Cash flows from financing activities</b>					
Dividends paid		(1,906,552)	(548,651)	(1,904,270)	(531,745)
Interest expense paid on subordinated obligations		(348,306)	(417,643)	(325,859)	(415,057)
Interest expense paid on other borrowings		(29,729)	(41,996)	(29,230)	(58,736)
Interest expense paid on bonds, Sukuk and debentures		(236,247)	(161,100)	(240,559)	(177,279)
Interest expense paid on recourse obligation on loans and financing sold to Cagamas		(27,766)	(48,630)	(27,766)	(48,630)
Proceeds from issuance of bonds and debentures		5,619,952	3,423,493	2,120,822	915,738
Proceeds from other borrowings		3,405,777	102,667	3,336,379	-
Proceeds from issuance of subordinated obligations		2,500,000	350,000	2,500,000	100,000
Repayment of recourse obligation on loans and financing sold to Cagamas		(320,007)	(1,074,014)	(320,007)	(1,074,014)
Repayment of bonds, Sukuk and debentures		(8,029,997)	(2,229,472)	(3,354,658)	(462,359)
Repayment of other borrowing		(3,062,610)	(2,812,600)	(2,961,450)	(2,812,600)
Repayment of subordinated obligations		(1,500,000)	(2,990,995)	(1,500,000)	(2,900,000)
Repayment of lease liabilities		(167,471)	(92,091)	(141,135)	(91,485)
Issue of shares during the financial year		1,124,684	-	1,124,684	-
Issuance of shares due to rights issue		-	531,714	-	531,714
<b>Net cash used in financing activities</b>		<b>(2,978,272)</b>	<b>(6,009,318)</b>	<b>(1,723,049)</b>	<b>(7,024,453)</b>
<b>Net increase/(decrease) in cash and cash equivalents during the financial year</b>					
		2,434,974	(444,017)	3,967,459	(1,769,896)
<b>Effects of exchange rate differences</b>		<b>306,131</b>	<b>236,413</b>	<b>214,685</b>	<b>177,849</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>34,198,752</b>	<b>34,406,356</b>	<b>25,179,356</b>	<b>26,771,403</b>
<b>Cash and cash equivalents at end of financial year</b>		<b>36,939,857</b>	<b>34,198,752</b>	<b>29,361,500</b>	<b>25,179,356</b>
<b>Cash and cash equivalents comprise:</b>					
Cash and short-term funds	2(a)	37,156,527	34,641,588	21,749,413	22,003,264
Deposits and placements with banks and other financial institutions	2(b)	2,655,745	3,556,817	7,069,270	3,434,775
Investment account placement	3	-	-	3,576,590	3,919,753
		<b>39,812,272</b>	<b>38,198,405</b>	<b>32,395,273</b>	<b>29,357,792</b>
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months		(2,872,415)	(3,999,653)	(3,033,773)	(4,178,436)
<b>Cash and cash equivalents at end of financial year</b>		<b>36,939,857</b>	<b>34,198,752</b>	<b>29,361,500</b>	<b>25,179,356</b>

**CIMB Bank Berhad**

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**Statements 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:

	Bonds, Sukuk and debentures	Other borrowings	Subordinated obligations	Lease liabilities	Recourse obligation on loans and financing sold to Cagamas	Total
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	<b>11,800,169</b>	<b>2,822,811</b>	<b>9,082,448</b>	<b>535,971</b>	<b>998,246</b>	<b>25,239,645</b>
Proceeds from issuance	5,619,952	3,405,777	2,500,000	-	-	11,525,729
Repayment and redemption	(8,029,997)	(3,062,610)	(1,500,000)	(167,471)	(320,007)	(13,080,085)
Interest paid	(236,247)	(29,729)	(348,306)	-	(27,766)	(642,048)
Exchange fluctuation	304,338	162,802	2,062	-	-	469,202
Other non cash movement	(22,006)	41,282	233,196	117,178	194	369,844
<b>At 31 December 2022</b>	<b>9,436,209</b>	<b>3,340,333</b>	<b>9,969,400</b>	<b>485,678</b>	<b>650,667</b>	<b>23,882,287</b>
<b>At 1 January 2021</b>	<b>10,575,578</b>	<b>5,429,649</b>	<b>11,834,303</b>	<b>575,171</b>	<b>2,110,668</b>	<b>30,525,369</b>
Proceeds from issuance	3,423,493	102,667	350,000	-	-	3,876,160
Repayment and redemption	(2,229,472)	(2,812,600)	(2,990,995)	(92,091)	(1,074,014)	(9,199,172)
Interest paid	(161,100)	(41,996)	(417,643)	-	(48,630)	(669,369)
Exchange fluctuation	136,945	98,477	1,270	-	-	236,692
Other non cash movement	54,725	46,614	305,513	52,891	10,222	469,965
<b>At 31 December 2021</b>	<b>11,800,169</b>	<b>2,822,811</b>	<b>9,082,448</b>	<b>535,971</b>	<b>998,246</b>	<b>25,239,645</b>

	Bonds, Sukuk and debentures	Other borrowings	Subordinated obligations	Lease liabilities	Recourse obligation on loans and financing sold to Cagamas	Total
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	<b>9,849,786</b>	<b>2,713,798</b>	<b>8,616,795</b>	<b>466,217</b>	<b>998,246</b>	<b>22,644,842</b>
Proceeds from issuance	2,120,822	3,336,379	2,500,000	-	-	7,957,201
Repayment and redemption	(3,354,658)	(2,961,450)	(1,500,000)	(141,135)	(320,007)	(8,277,250)
Interest paid	(240,559)	(29,230)	(325,859)	-	(27,766)	(623,414)
Exchange fluctuation	297,384	141,914	-	-	-	439,298
Other non cash movement	(43,077)	43,487	226,840	72,756	194	300,200
<b>At 31 December 2022</b>	<b>8,629,698</b>	<b>3,244,898</b>	<b>9,517,776</b>	<b>397,838</b>	<b>650,667</b>	<b>22,440,877</b>
<b>At 1 January 2021</b>	<b>9,332,966</b>	<b>5,429,649</b>	<b>11,532,621</b>	<b>514,359</b>	<b>2,110,668</b>	<b>28,920,263</b>
Proceeds from issuance	915,738	-	100,000	-	-	1,015,738
Repayment and redemption	(462,359)	(2,812,600)	(2,900,000)	(91,485)	(1,074,014)	(7,340,458)
Interest paid	(177,279)	(58,736)	(415,057)	-	(48,630)	(699,702)
Exchange fluctuation	199,177	98,476	-	-	-	297,653
Other non cash movement	41,543	57,009	299,231	43,343	10,222	451,348
<b>At 31 December 2021</b>	<b>9,849,786</b>	<b>2,713,798</b>	<b>8,616,795</b>	<b>466,217</b>	<b>998,246</b>	<b>22,644,842</b>

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant 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 Bank have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), 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, 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 Bank and its wholly-owned subsidiaries, CIMB Islamic Bank Berhad (“CIMB Islamic”) and CIMB Bank (L) Limited. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic Securities in compliance with 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 Bank’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 53.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **A Basis of preparation (Continued)**

#### **(a) Standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank**

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank 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 to existing standards that are applicable to the Group and the Bank but not yet effective**

The Group and the Bank 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.



# CIMB Bank Berhad

(Incorporated in Malaysia)

## Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)

### A Basis of preparation (Continued)

#### (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

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

##### (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 Bank.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **A Basis of preparation (Continued)**

#### **(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)**

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

##### (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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **A Basis of preparation (Continued)**

#### **(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)**

The Group and the Bank 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **B Economic entities in the Group**

#### **(a) Subsidiaries**

The consolidated Financial Statements include the Financial Statements of the Bank 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 an acquisition is measured as the acquisition date fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are, with limited exceptions, 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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **B Economic entities in the Group (Continued)**

##### **(a) Subsidiaries (Continued)**

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. 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 and any corresponding gain or loss is recognised in statement of income.

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

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

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

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

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **B Economic entities in the Group (Continued)**

#### **(b) Changes in ownership interests in subsidiaries without change of control**

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

#### **(c) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of income. The fair value is 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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **B Economic entities in the Group (Continued)**

##### **(d) Joint arrangements (Continued)**

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 statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in statement of income, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income.

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **B Economic entities in the Group (Continued)**

##### **(e) Associates**

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

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

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

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



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **B Economic entities in the Group (Continued)**

#### **(e) Associates (Continued)**

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

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

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

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

#### **(f) Interests in subsidiaries, joint arrangements and associates**

In the Bank'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 Bank does not expect repayment in the foreseeable future are considered as part of the Bank's investments in the subsidiaries.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **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.

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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **E Sale and repurchase agreements/collateralised commodity murabahah**

Securities purchased under resale agreements (“reverse repurchase agreements”) are securities which the Group and the Bank 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 and the Bank 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **F Financial assets**

#### **(a) Classification**

The Group and the Bank 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 Bank’s business model for managing the financial assets and the contractual terms of the cash flows.

#### Business model assessment

The Group and the Bank 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 Bank assess whether the financial assets’ contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Bank 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **F Financial assets (Continued)**

#### **(a) Classification (Continued)**

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

- (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 Bank 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 Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.
- (ii) The Group and the Bank 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 Bank 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **F Financial assets (Continued)**

#### **(b) Recognition and initial measurement**

A financial asset is recognised in the statement of financial position when the Group and the Bank 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 Bank commit to purchase and sell the assets.

At initial recognition, the Group and the Bank 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 Bank'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 Bank 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 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. Where the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed of on a first-in, first-out basis. Interest/profit income from these financial assets is included in interest/finance income using the effective interest/profit rate method.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **F 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 Bank 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 Bank’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 Bank’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 Bank reclassify financial assets when and only when their business model for managing those assets changes. In such cases, the Group and the Bank 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.



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **F Financial assets (Continued)**

#### **(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.

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

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **G 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 Bank accounting policy on derivatives is detailed in Note K.

The financial liabilities measured at fair value through profit or 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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **G Financial liabilities (Continued)**

##### **(a) Financial liabilities at fair value through profit or loss (Continued)**

The Group and the Bank 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 and the Bank 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.

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Bank 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **G Financial liabilities (Continued)**

#### **(a) Financial liabilities at fair value through profit or loss (Continued)**

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 the 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 other items.

#### **(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, other financial liabilities in other liabilities, 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 K.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **H 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 Bank 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 Bank under standard repurchase agreements transactions is not derecognised because the Group and the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

#### **I 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.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)

### J Impairment of financial assets

The Group and the Bank 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 Bank 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 Bank’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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **J Impairment of financial assets (Continued)**

- (i) Financial assets accounted for at amortised cost, FVOCI and with the exposure arising from loan commitments and financial guarantee contracts (Continued)

The Group and the Bank account for their credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group and Bank 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 Bank 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.

## **CIMB Bank Berhad**

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### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **K 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 and the Bank recognise the fair value of derivatives in the statement of income immediately.

The Group and the Bank designate 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 & 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 26.



# **CIMB Bank Berhad**

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## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **K Derivative financial instruments and hedge accounting (Continued)**

#### **(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 the 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 and the Bank assess 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 as deferred hedging cost 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 and the Bank assess the recoverability of the balance in one or more future periods when the net investment hedge reserve is in a loss position.

## **CIMB Bank Berhad**

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### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **K 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.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Summary of Significant Accounting Policies  
for the financial year ended 31 December 2022 (Continued)****K Derivative financial instruments and hedge accounting (Continued)**Impact of IBOR reform on the Group's and the Bank's hedging relationship

The Group and the Bank have hedge accounted relationships referencing IBORs, with the most significant interest rate benchmarks to which the Group's and the Bank's hedging relationships are exposed to are MYR KLIBOR, USD LIBOR, SGD SOR and THBFX.

The Group's and the Bank's risk exposures that are directly affected by the interest rate benchmark reform are 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 26.

<b>Hedged items</b>	<b>The Group</b>	<b>The Bank</b>
Fixed rate liabilities	MYR6,925,000,000	MYR7,383,400,000
Fixed rate senior bonds	HKD1,578,000,000 MYR2,458,400,000 USD20,000,000	HKD1,578,000,000 MYR2,000,000,000 USD 20,000,000
Fixed rate financial investments at fair value through other comprehensive income	MYR10,516,800,000 SGD87,500,000 USD59,800,000	MYR 9,686,800,000 SGD87,500,000 USD59,800,000
Fixed rate financial investments at amortised cost	MYR50,000,000	MYR50,000,000
Fixed rate loans	MYR1,329,000,000 SGD100,000,000 USD11,908,000	MYR1,329,000,000 SGD100,000,000 -

**CIMB Bank Berhad**

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**Summary of Significant Accounting Policies  
for the financial year ended 31 December 2022 (Continued)****K Derivative financial instruments and hedge accounting (Continued)**

The Group and the Bank 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 THBFIX 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 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.

Hedged items	The Group	The Bank
Floating rate loans	USD275,224,000	USD203,124,000
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 fair value through other comprehensive income) and hedging instruments (the derivatives used to hedge the relevant hedged items).

Managing the process to 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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **K Derivative financial instruments and hedge accounting (Continued)**

##### 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.

## **CIMB Bank Berhad**

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### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **K 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 expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument’s effective interest rate. Any additional changes are accounted for in the normal way (that is 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.

**CIMB Bank Berhad**

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**Summary of Significant Accounting Policies  
for the financial year ended 31 December 2022 (Continued)****K Derivative financial instruments and hedge accounting (Continued)**Effect of IBOR reform

The following tables contain details of all financial instruments that the Group and Bank holds 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.

	<b>The Group</b>				<b>The Bank</b>			
	Notional amount of which: Have yet to transition to an alternative benchmark rate as at 31 December 2022							
	USD LIBOR		MYR KLIBOR		USD LIBOR		MYR KLIBOR	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
<b>Non-derivatives assets and liabilities</b>								
Bonds/Sukuk and notes	545,043	3,591,429	625,000	3,627,220	-	3,591,429	200,000	602,470
Deposit from customers	-	22,003	1,504	1,747,801	-	22,003	-	1,646,422
Loans/financing	6,439,104	-	3,790,720	-	4,805,549	-	1,037,174	-
Other assets	175,620	-	-	160,020	175,620	-	-	160,020
Other liabilities	-	478,565	-	-	-	-	-	-
Derivatives	50,184,912	50,983,631	75,986,197	63,272,416	18,617,844	22,951,419	72,139,109	62,519,030

	<b>The Group</b>		<b>The Bank</b>	
	Notional amount of which USD LIBOR with maturity after June 2023			
	RM'000	RM'000	RM'000	RM'000
	Asset	Liability	Asset	Liability
<b>Non-derivatives assets and liabilities</b>				
Bonds/Sukuk and notes	-	3,591,429	-	3,591,429
Deposit from customers	-	21,138	-	20,839
Loans/financing	6,064,160	-	4,665,024	-
Other assets	175,620	-	175,620	-
Other liabilities	-	478,565	-	-
Derivatives	33,762,136	35,898,014	14,320,846	18,443,025

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)

### L 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 Bank 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 - 50 years
Buildings on leasehold land 50 years or more	40 - 50 years or over the remaining period of the lease, whichever is shorter
Building 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 - 10 years or over the period of the tenancy, whichever is shorter
Computer equipment and hardware:	
- servers and hardware	3 - 7 years
- ATM machine	5 - 10 years
Motor vehicles	5 - 6 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.



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **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 credit card customer relationships, core deposits, computer software and license. 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 Bank. The value of intangible assets which are acquired in a business combination is generally determined using fair value at acquisition date. 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 financial 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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **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

Computer software 3 - 15 years

Core deposits 8 – 20 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 Bank 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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **N Leases – the Group and the Bank as lessee (Continued)**

##### **ROU assets (Continued)**

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.

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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **O Leases – the Group and the Bank 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **P 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 ("RM"), which is the Group's and the Bank'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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **P Currency translations (Continued)**

#### **(c) Group companies**

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **Q 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 fair value re-measurement of debt instruments at fair value through other comprehensive income and equity instruments at fair value, 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 the deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **R 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 Redeemable Preference Shares 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) Earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group and the Bank, 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

#### **(e) 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



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **S Employee benefits**

#### **(a) Short term employee benefits**

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank 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 financial year in which the associated services are rendered by employees of the Group and the Bank.

#### **(b) Post-employment benefits**

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

##### *Defined contribution plans*

Defined contribution plan is a pension plan under which the Group and the Bank 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 employees benefits relating to employee service in the current and prior periods.

The Group's and the Bank's contributions to defined contribution plans are charged to the statement of income in the financial year to which they relate. Once the contributions have been paid, the Group and the Bank 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **S Employee benefits (Continued)**

#### **(b) Post-employment benefits (Continued)**

##### *Defined benefit plans (Continued)*

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 Thai government zero-coupon bond 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 financial year 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 when employment is terminated by the Group and the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits at the earlier of the following dates:

- (a) when the Group and the Bank can no longer withdraw the offer of those benefits; and
- (b) when the Group and the Bank recognise 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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **S 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 fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme (“ESOS”) and the Share Grant Plan (“SGP”). Details of the key features of ESOS and SGP are set out in Note 44(g).

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”)*

CIMB Group operates an equity-settled, share-based compensation plan, where ordinary shares of CIMB 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **T 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 purpose 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 statement of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **U Foreclosed assets**

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

#### **V Provisions**

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

- (i) the Group and the Bank 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 Bank 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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **W Financial guarantee contracts**

Financial guarantee contracts are contracts that require the the Group and the Bank 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 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

#### **X Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances and deposit placements with original maturity of 3 months or less.

#### **Y 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.

#### **Z Non-current assets held for sale**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **AA 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 Bank.

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 derecognized.

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.

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.

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.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **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 Bills and acceptances payable**

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

#### **AD 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.



# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022

### 1 General information

The Bank is principally engaged in all aspects of commercial banking and in the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 16 in the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

The holding company of the Bank is CIMB Group Sdn. Bhd. and the Directors regard CIMB Group Holdings Bhd (“CIMB Group”), a company listed on the Main Board of the Bursa Malaysia Securities Berhad, as the ultimate holding company. Both companies are incorporated in Malaysia.

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The address of the Bank’s registered office is 13<sup>th</sup> Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The Bank’s principal place of business is at 17<sup>th</sup> Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

### 2(a) Cash and short-term funds

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and balances with banks and other financial institutions		8,475,175	7,650,544	7,017,446	6,146,231
Money at call and deposit placements maturing within one month		28,681,397	26,991,151	14,731,967	15,857,033
		<u>37,156,572</u>	<u>34,641,695</u>	<u>21,749,413</u>	<u>22,003,264</u>
Expected credit losses	2(c)	(45)	(107)	-	-
		<u>37,156,527</u>	<u>34,641,588</u>	<u>21,749,413</u>	<u>22,003,264</u>

### 2(b) Deposits and placements with banks and other financial institutions

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Licensed banks		2,589,092	3,356,534	7,019,709	3,294,623
Licensed investment banks		-	142,109	-	142,109
Other central banks		18,854	60,137	-	-
Other financial institutions		50,160	-	50,160	-
		<u>2,658,106</u>	<u>3,558,780</u>	<u>7,069,869</u>	<u>3,436,732</u>
Expected credit losses	2(c)	(2,361)	(1,963)	(599)	(1,957)
		<u>2,655,745</u>	<u>3,556,817</u>	<u>7,069,270</u>	<u>3,434,775</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****2(c) Expected credit losses movement**

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

The Group	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses - not	credit losses	
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	2,070	-	-	2,070
<b>Total charge to Statement of Income:</b>	<b>158</b>	<b>-</b>	<b>-</b>	<b>158</b>
New financial assets originated	1,085	-	-	1,085
Financial assets that have been derecognised	(273)	-	-	(273)
Change in credit risk	(654)	-	-	(654)
Exchange fluctuation	178	-	-	178
<b>At 31 December 2022</b>	<b>2,406</b>	<b>-</b>	<b>-</b>	<b>2,406</b>

The Group	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses - not	credit losses	
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	118	-	-	118
<b>Total charge to Statement of Income:</b>	<b>(493)</b>	<b>-</b>	<b>-</b>	<b>(493)</b>
New financial assets originated	870	-	-	870
Financial assets that have been derecognised	(56)	-	-	(56)
Change in credit risk	(1,307)	-	-	(1,307)
Exchange fluctuation	2,445	-	-	2,445
<b>At 31 December 2021</b>	<b>2,070</b>	<b>-</b>	<b>-</b>	<b>2,070</b>

The Bank	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses - not	credit losses	
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	1,957	-	-	1,957
<b>Total charge to Statement of Income:</b>	<b>(1,531)</b>	<b>-</b>	<b>-</b>	<b>(1,531)</b>
New financial assets originated	1,066	-	-	1,066
Financial assets that have been derecognised	(194)	-	-	(194)
Change in credit risk	(2,403)	-	-	(2,403)
Exchange fluctuation	173	-	-	173
<b>At 31 December 2022</b>	<b>599</b>	<b>-</b>	<b>-</b>	<b>599</b>

The Bank	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses - not	credit losses	
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	64	-	-	64
<b>Total charge to Statement of Income:</b>	<b>1,890</b>	<b>-</b>	<b>-</b>	<b>1,890</b>
New financial assets originated	762	-	-	762
Financial assets that have been derecognised	(56)	-	-	(56)
Change in credit risk	1,184	-	-	1,184
Exchange fluctuation	3	-	-	3
<b>At 31 December 2021</b>	<b>1,957</b>	<b>-</b>	<b>-</b>	<b>1,957</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 3 Investment account placement

The investment account are exposures to Restricted Profit Sharing Investment Accounts (“RPSIA”), as part of an arrangement with CIMB Islamic. The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and CIMB Islamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio and management fees.

The underlying assets of CIMB Islamic for the RPSIA are as follows:

	<b>The Bank</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<u>Principal</u>		
Term financing	<b>1,574,428</b>	1,749,974
Revolving credit	<b>2,003,266</b>	2,202,227
	<b><u>3,577,694</u></b>	<u>3,952,201</u>

As at 31 December 2022, the RPSIA placements have an average rate of return ranging between 3.01% to 3.93% (2021: 1.75% to 2.28%) per annum.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****4 Reverse repurchase agreements/reverse Collateralised Commodity Murabahah**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Reverse repurchase agreements				
- at amortised cost	<b>9,607,095</b>	5,414,051	<b>8,370,639</b>	4,962,362
	<b>9,607,095</b>	5,414,051	<b>8,370,639</b>	4,962,362

**5 Financial investments at fair value through profit or loss**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	<b>3,141,965</b>	2,063,110	<b>3,141,965</b>	2,063,110
Cagamas bonds	<b>1,021,901</b>	865,744	<b>616,782</b>	760,796
Khazanah bonds	-	58,964	-	58,964
Malaysian Government treasury bills	<b>1,265,864</b>	151,173	<b>820,856</b>	88,214
Bank Negara Malaysia Monetary Notes	<b>1,094,640</b>	2,290,759	<b>1,094,640</b>	2,290,759
Negotiable instruments of deposit	<b>193,586</b>	3,909,653	<b>93,797</b>	1,465,243
Other Government securities	<b>3,022,373</b>	5,405,014	<b>762,446</b>	2,226,026
Government Investment Issues	<b>3,080,842</b>	2,611,716	<b>2,371,546</b>	2,027,290
Other Government treasury bills	<b>10,370,577</b>	9,884,399	<b>10,370,577</b>	9,884,399
Promissory Notes	<b>295,529</b>	398,711	<b>295,529</b>	398,711
Commercial papers	<b>24,753</b>	1,479,300	<b>24,753</b>	179,499
	<b>23,512,030</b>	29,118,543	<b>19,592,891</b>	21,443,011
<b>Quoted securities:</b>				
<u>In Malaysia</u>				
Shares	<b>988,048</b>	1,115,967	<b>988,048</b>	1,115,967
<u>Outside Malaysia</u>				
Shares	<b>352,026</b>	290,468	<b>352,026</b>	290,468
	<b>1,340,074</b>	1,406,435	<b>1,340,074</b>	1,406,435
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	<b>1,010,510</b>	957,468	<b>996,980</b>	944,221
Corporate bond and Sukuk	<b>3,103,138</b>	3,030,809	<b>2,720,173</b>	2,327,263
	<b>4,113,648</b>	3,988,277	<b>3,717,153</b>	3,271,484
<u>Outside Malaysia</u>				
Corporate bond	<b>1,506,648</b>	3,730,718	<b>915,202</b>	2,962,616
Private equity funds	<b>139,499</b>	175,649	<b>139,499</b>	175,649
	<b>1,646,147</b>	3,906,367	<b>1,054,701</b>	3,138,265
	<b>30,611,899</b>	38,419,622	<b>25,704,819</b>	29,259,195

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****6 Debt instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	5,107,076	4,832,000	5,107,076	4,832,000
Cagamas bonds	396,349	270,955	361,111	265,836
Other government treasury bills	140,102	-	140,102	-
Other government securities	7,618,253	5,114,067	1,190,662	1,049,334
Government investment issues	6,427,540	5,712,395	4,912,597	4,465,108
Negotiable instruments of deposit	232,584	470,384	232,584	470,384
	<b>19,921,904</b>	16,399,801	<b>11,944,132</b>	11,082,662
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate bond and Sukuk	20,139,108	21,951,483	16,685,374	18,170,575
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	8,411,276	8,122,873	6,076,601	5,828,024
	<b>8,411,276</b>	8,122,873	<b>6,076,601</b>	5,828,024
	<b>48,472,288</b>	46,474,157	<b>34,706,107</b>	35,081,261

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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****6 Debt instruments at fair value through other comprehensive income  
(Continued)**

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

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

<b>The Group</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2022</b>	41,101	1,748	20,849	63,698
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	(54)	54	-	-
Transferred to Stage 2	116	(116)	-	-
	(170)	170	-	-
<b>Total charge to Statement of Income:</b>	<b>(3,077)</b>	<b>(574)</b>	<b>(20,849)</b>	<b>(24,500)</b>
New financial assets purchased	29,656	-	-	29,656
Financial assets that have been derecognised	(5,516)	(7)	-	(5,523)
Writeback in respect of full recoveries	-	-	(20,849)	(20,849)
Change in credit risk	(27,217)	(567)	-	(27,784)
Exchange fluctuation	1,861	1	-	1,862
<b>At 31 December 2022</b>	<b>39,831</b>	<b>1,229</b>	<b>-</b>	<b>41,060</b>

<b>The Group</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	33,077	320	20,849	54,246
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(527)	527	-	-
	(527)	527	-	-
<b>Total charge to Statement of Income:</b>	<b>8,118</b>	<b>1,089</b>	<b>-</b>	<b>9,207</b>
New financial assets purchased	105,543	-	-	105,543
Financial assets that have been derecognised	(8,452)	(126)	-	(8,578)
Change in credit risk	(88,973)	1,215	-	(87,758)
Exchange fluctuation	433	(188)	-	245
<b>At 31 December 2021</b>	<b>41,101</b>	<b>1,748</b>	<b>20,849</b>	<b>63,698</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****6 Debt instruments at fair value through other comprehensive income  
(Continued)**

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

The 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. (Continued)

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2022</b>	37,733	1,747	20,849	60,329
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	(54)	54	-	-
Transferred to Stage 2	116	(116)	-	-
	(170)	170	-	-
<b>Total charge to Statement of Income:</b>	<b>(1,165)</b>	<b>(574)</b>	<b>(20,849)</b>	<b>(22,588)</b>
New financial assets purchased	27,971	-	-	27,971
Financial assets that have been derecognised	(5,363)	(7)	-	(5,370)
Writeback in respect of full recoveries	-	-	(20,849)	(20,849)
Change in credit risk	(23,773)	(567)	-	(24,340)
Exchange fluctuation	1,856	(1)	-	1,855
<b>At 31 December 2022</b>	<b>38,370</b>	<b>1,226</b>	<b>-</b>	<b>39,596</b>

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	31,119	305	20,849	52,273
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(527)	527	-	-
	(527)	527	-	-
<b>Total charge to Statement of Income:</b>	<b>6,696</b>	<b>1,105</b>	<b>-</b>	<b>7,801</b>
New financial assets purchased	88,292	-	-	88,292
Financial assets that have been derecognised	(7,099)	(110)	-	(7,209)
Change in credit risk	(74,497)	1,215	-	(73,282)
Exchange fluctuation	445	(190)	-	255
<b>At 31 December 2021</b>	<b>37,733</b>	<b>1,747</b>	<b>20,849</b>	<b>60,329</b>

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 6 Debt instruments at fair value through other comprehensive income (Continued)

Gross carrying amount movement for debt instruments at fair value through other comprehensive income classified as credit impaired:

	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
<b>The Group and the Bank</b>		
At 1 January 2022	20,849	20,849
Amount recovered	(20,849)	(20,849)
At 31 December 2022	<u>-</u>	<u>-</u>
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
<b>The Group and the Bank</b>		
At 1 January/31 December 2021	20,849	20,849



# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **6 Debt instruments at fair value through other comprehensive income (Continued)**

#### **Impact of movements in gross carrying amount on expected credit losses**

##### **2022:**

Stage 1 ECL decreased by RM1.3 million for the Group and increased slightly by RM0.6 million for the Bank mainly due to lower newly purchased financial assets, offset by derecognition as well as change in credit risk of the financial assets.

Stage 2 ECL decreased by RM0.5 million for both the Group and the Bank mainly due to the change in credit risk.

Stage 3 ECL reduced to nil for both the Group and the Bank due to recovery of impaired financial assets.

##### **2021:**

Stage 1 ECL increased by RM8.0 million and RM6.6 million for the Group and the Bank respectively during the financial year mainly due to recognition of GCA from newly purchased financial assets, offset by derecognition as well as change in credit risk of the financial assets.

Stage 2 ECL increased by RM1.4 million for both the Group and the Bank mainly due to the change in credit risk.

Stage 3 ECL remained unchanged at RM20.8 million for both the Group and the Bank.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****7 Equity instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Shares	1,860	1,981	72	83
Unit trusts	-	5,492	-	-
	<b>1,860</b>	<b>7,473</b>	<b>72</b>	<b>83</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	265,579	265,418	265,229	265,034
<u>Outside Malaysia</u>				
Shares	7,109	8,469	2,383	2,383
Private equity funds	73	7,227	73	7,227
	<b>7,182</b>	<b>15,696</b>	<b>2,456</b>	<b>9,610</b>
	<b>274,621</b>	<b>288,587</b>	<b>267,757</b>	<b>274,727</b>

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

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Quoted securities</b>				
Compact Metal Industries Ltd	72	83	72	83
Premier Products Limited	1,788	1,898	-	-
Sub Sri Thai property fund	(a) -	5,492	-	-
	<b>1,860</b>	<b>7,473</b>	<b>72</b>	<b>83</b>
<b>Unquoted securities</b>				
Tabung Pemulihan Perumahan Terbangkalai	93,571	93,376	93,571	93,376
Swift	2,383	2,383	2,383	2,383
Financial Park (Labuan) Sdn Bhd	164,323	164,323	164,323	164,323
Global Maritime Ventures Bhd	3,409	3,409	3,409	3,409
Perbadanan Nasional Berhad	3,926	3,926	3,926	3,926
Redcliff Enterprise Overseas Ltd, BVI	73	7,227	73	7,227
Others	(b) 5,076	6,470	-	-
	<b>272,761</b>	<b>281,114</b>	<b>267,685</b>	<b>274,644</b>
Total equity investments at fair value through other comprehensive income comprise	<b>274,621</b>	<b>288,587</b>	<b>267,757</b>	<b>274,727</b>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****7 Equity instruments at fair value through other comprehensive income  
(Continued)**

- (a) During the financial year, a subsidiary of the Bank has disposed its holding in Sub Sri Thai Property Fund due to favourable market opportunities with 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.

**8 Debt instruments at amortised cost**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government securities	9,262,963	7,086,208	9,161,622	6,984,867
Cagamas bonds	503,023	245,668	472,910	215,551
Other Government treasury bills	5,144,798	3,834,187	5,144,798	3,834,187
Other Government's securities	3,535,311	2,022,944	747,755	516,581
Malaysian Government Investment Issue	16,652,622	15,614,661	13,143,827	12,291,391
Khazanah bonds	202,027	235,345	112,980	146,298
Negotiable instruments of deposit	-	127,679	-	127,679
	<b>35,300,744</b>	<b>29,166,692</b>	<b>28,783,892</b>	<b>24,116,554</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate bond and Sukuk	19,812,585	18,195,695	15,279,916	13,988,117
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	3,835,386	3,739,323	3,324,770	3,578,674
Amortisation of premium net of accretion of discount	(28,788)	20,268	(26,760)	25,519
Less : Expected credit losses	(580,420)	(642,575)	(589,238)	(661,482)
	<b>58,339,507</b>	<b>50,479,403</b>	<b>46,772,580</b>	<b>41,047,382</b>

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****8 Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

<b>The Group</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2022</b>	<b>1,592</b>	<b>31,266</b>	<b>609,717</b>	<b>642,575</b>
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	1,041	(1,041)	-	-
Transferred to Stage 2	1,275	(1,275)	-	-
Transferred to Stage 3	(234)	234	-	-
	-	-	-	-
<b>Total charge to Statement of Income:</b>	<b>2,457</b>	<b>(26,378)</b>	<b>(78,158)</b>	<b>(102,079)</b>
New financial assets purchased	12,829	-	-	12,829
Financial assets that have been derecognised	(1,283)	(7)	-	(1,290)
Change in credit risk	(9,089)	(26,371)	(78,158)	(113,618)
Exchange fluctuation	326	-	2	328
Other movements	-	-	39,596	39,596
<b>At 31 December 2022</b>	<b>5,416</b>	<b>3,847</b>	<b>571,157</b>	<b>580,420</b>

<b>The Group</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	<b>8,704</b>	<b>735,922</b>	<b>7,182</b>	<b>751,808</b>
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	84	(453,608)	453,524	-
Transferred to Stage 2	228	(228)	-	-
Transferred to Stage 3	(144)	144	-	-
	-	(453,524)	453,524	-
<b>Total charge to Statement of Income:</b>	<b>(7,250)</b>	<b>39,211</b>	<b>156,042</b>	<b>188,003</b>
New financial assets purchased	12,797	-	-	12,797
Financial assets that have been derecognised	(527)	-	-	(527)
Change in credit risk	(19,520)	39,211	156,042	175,733
Write-offs	-	-	(7,020)	(7,020)
Exchange fluctuation	54	-	(11)	43
Other movements	-	(290,259)	-	(290,259)
<b>At 31 December 2021</b>	<b>1,592</b>	<b>31,266</b>	<b>609,717</b>	<b>642,575</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****8 Debt instruments at amortised cost (Continued)**

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

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2022</b>	20,650	31,266	609,566	661,482
Changes in expected credit losses due to transferred within stages:	1,041	(1,041)	-	-
Transferred to Stage 1	1,275	(1,275)	-	-
Transferred to Stage 2	(234)	234	-	-
<b>Total charge to Statement of Income:</b>	<b>(609)</b>	<b>(26,379)</b>	<b>(78,158)</b>	<b>(105,146)</b>
New financial assets purchased	10,700	-	-	10,700
Financial assets that have been derecognised	(1,283)	(7)	-	(1,290)
Change in credit risk	(10,026)	(26,372)	(78,158)	(114,556)
Exchange fluctuation	326	-	-	326
Other movements	-	-	32,576	32,576
<b>At 31 December 2022</b>	<b>21,408</b>	<b>3,846</b>	<b>563,984</b>	<b>589,238</b>

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	21,442	735,922	-	757,364
Changes in expected credit losses due to transferred 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	-
<b>Total charge to Statement of Income:</b>	<b>(930)</b>	<b>39,211</b>	<b>156,042</b>	<b>194,323</b>
New financial assets purchased	11,794	-	-	11,794
Financial assets that have been derecognised	(527)	-	-	(527)
Change in credit risk	(12,197)	39,211	156,042	183,056
Exchange fluctuation	54	-	-	54
Other movements	-	(290,259)	-	(290,259)
<b>At 31 December 2021</b>	<b>20,650</b>	<b>31,266</b>	<b>609,566</b>	<b>661,482</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****8 Debt instruments at amortised cost (Continued)**

Gross carrying amount movement for debt instruments at amortised cost classified as credit impaired:

	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
<b>The Group</b>		
<b>At 1 January 2022</b>	1,226,759	1,226,759
Other changes in debts instruments	63,737	63,737
Exchange fluctuation	24,143	24,143
<b>At 31 December 2022</b>	<b>1,314,639</b>	<b>1,314,639</b>
	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
<b>The Group</b>		
<b>At 1 January 2021</b>	7,182	7,182
Transfer within stages	1,226,546	1,226,546
Other changes in debts instruments	5,578	5,578
Write-offs	(7,020)	(7,020)
Exchange fluctuation	(5,527)	(5,527)
<b>At 31 December 2021</b>	<b>1,226,759</b>	<b>1,226,759</b>
	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
<b>The Bank</b>		
<b>At 1 January 2022</b>	764,210	764,210
Other changes in debts instruments	41,484	41,484
<b>At 31 December 2022</b>	<b>805,694</b>	<b>805,694</b>
	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
<b>The Bank</b>		
<b>At 1 January 2021</b>	-	-
Transfer within stages	761,017	761,017
Other changes in debts instruments	3,193	3,193
<b>At 31 December 2021</b>	<b>764,210</b>	<b>764,210</b>

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **8 Debt instruments at amortised cost (Continued)**

#### **Impact of movements in gross carrying amount on expected credit losses**

##### **2022:**

Stage 1 ECL increased by RM4 million and RM1 million for the Group and the Bank respectively mainly due to new financial assets recognised during the year.

Stage 2 ECL decreased by RM27 for the Group and the Bank respectively 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 and RM46 million for the Group and the Bank respectively due to improvement in credit quality.

##### **2021:**

Stage 1 ECL decreased by RM7 million and RM1 million for the Group and the Bank respectively mainly due to change in credit risk.

Stage 2 ECL decreased by RM705 million for both the Group and the Bank 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 and RM610 million for the Group and the Bank respectively due to debt instrument migrated from Stage 2 to Stage 3 arising from deterioration in credit quality.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing**

## (i) By type

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>At amortised cost</i>				
Overdrafts	4,932,750	4,684,141	2,541,516	2,585,991
Term loans/financing				
- Housing loan/financing	119,482,023	110,309,886	66,546,814	66,254,666
- Syndicated term loan	21,904,930	17,205,940	19,663,602	15,617,149
- Other term loans/financing	122,124,094	119,070,280	66,915,531	69,668,380
- Factoring receivables	1,685	4,488	-	-
- Lease receivables	391	2,021	-	-
- Hire purchase receivables	22,744,369	21,553,570	2,719,192	4,051,156
Bills receivable	6,699,962	6,829,498	4,160,881	4,955,236
Trust receipts	2,660,658	2,699,442	1,261,574	1,689,896
Claim on customers under acceptance credit	3,511,101	2,702,203	2,509,088	1,938,096
Staff loans	1,444,636	1,366,474	1,038,323	1,002,765
Credit card receivables	6,786,867	5,861,355	6,578,324	5,709,390
Revolving credit	36,198,094	29,939,310	29,368,856	25,393,032
Share margin financing	50,346	63,946	50,346	63,946
Gross loans, advances and financing at amortised cost	348,541,906	322,292,554	203,354,047	198,929,703
Fair value changes arising from fair value hedges	(99,907)	(24,781)	(98,075)	(26,345)
	348,441,999	322,267,773	203,255,972	198,903,358
Less:				
- Expected credit losses	(7,719,590)	(8,647,047)	(5,254,255)	(6,549,024)
Net loans, advances and financing at amortised cost	340,722,409	313,620,726	198,001,717	192,354,334
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	107,552	357,853	107,552	357,853
<b>Total net loans, advances and financing</b>	<b>340,829,961</b>	<b>313,978,579</b>	<b>198,109,269</b>	<b>192,712,187</b>
<b>Total gross loans, advances and financing</b>				
- At amortised cost	348,541,906	322,292,554	203,354,047	198,929,703
- At fair value through profit or loss	107,552	357,853	107,552	357,853
	348,649,458	322,650,407	203,461,599	199,287,556



# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **9 Loans, advances and financing (Continued)**

(i) By type (Continued)

- (a) Included in the Group's and the Bank'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 reinstatements of these loans have been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.
- (b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM1,786,866,000 (2021: RM1,353,719,000) and RM1,734,256,000 (2021: RM1,287,783,000) respectively, using interest rate swaps.
- (c) As part of an arrangement with CIMB Islamic in relation to the RPSIA, the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement (See Note 3), whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all the expected credit losses arising from the RPSIA financing.

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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing (Continued)**

(i) By type (Continued)

(d) Included in the loans, advances and financing of the Group and the Bank at 31 December 2022 are financing which are disclosed as “Restricted Agency Investment Account” in the financial statements of CIMB Islamic. These details are as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Syndicated term loan	1,532,275	-	1,532,275	-
Revolving credit	701,354	1,201,933	701,354	1,201,933
Other term loan	9,046,800	9,046,822	9,046,800	9,046,822
	<b>11,280,429</b>	<b>10,248,755</b>	<b>11,280,429</b>	<b>10,248,755</b>

Restricted Agency Investment Account (“RAIA”) arrangement is with the Bank’s wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where the 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 the 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 the Bank.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing (Continued)**

(ii) By type of customer:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	<b>323,738</b>	296,136	<b>125,235</b>	184,139
Domestic non-bank financial institutions				
- stockbroking companies	<b>390,700</b>	8,005	<b>371,188</b>	8,005
- others	<b>5,375,300</b>	5,267,629	<b>2,168,446</b>	2,540,347
Domestic business enterprises				
- small medium enterprises	<b>39,113,607</b>	36,142,135	<b>20,996,212</b>	21,519,667
- others	<b>46,168,237</b>	44,468,479	<b>25,039,723</b>	26,953,399
Government and statutory bodies	<b>11,813,303</b>	10,043,045	<b>10,017,429</b>	8,636,472
Individuals	<b>201,702,926</b>	187,672,859	<b>103,788,567</b>	102,452,469
Other domestic entities	<b>2,293,741</b>	1,233,527	<b>32,195</b>	34,048
Foreign entities	<b>41,467,906</b>	37,518,592	<b>40,922,604</b>	36,959,010
Gross loans, advances and financing	<b>348,649,458</b>	322,650,407	<b>203,461,599</b>	199,287,556

(iii) By interest rate sensitivity:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	<b>6,301,450</b>	5,189,950	<b>3,576,709</b>	2,776,324
- Hire-purchase receivables	<b>19,711,850</b>	18,920,957	<b>1,749,598</b>	2,383,601
- Other fixed rate loans	<b>39,551,245</b>	33,377,673	<b>28,645,249</b>	24,055,774
Variable rate				
- BLR-plus/BFR-plus	<b>75,712,095</b>	80,638,136	<b>50,963,275</b>	59,081,607
- Cost-plus	<b>57,474,041</b>	49,707,733	<b>40,733,430</b>	37,949,588
- Other variable rates	<b>149,898,777</b>	134,815,958	<b>77,793,338</b>	73,040,662
Gross loans, advances and financing	<b>348,649,458</b>	322,650,407	<b>203,461,599</b>	199,287,556

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing (Continued)**

(iv) By economic purpose:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Personal use	18,548,708	16,896,609	14,687,769	12,904,579
Credit card	6,786,867	5,861,355	6,578,324	5,709,390
Purchase of consumer durables	671,165	241,765	41,745	42,729
Construction	9,872,593	10,889,388	6,629,645	7,386,230
Residential property (Housing)	121,096,546	111,624,692	66,493,663	66,089,286
Non-residential property	34,487,063	31,955,357	23,557,834	23,325,774
Purchase of fixed assets other than land and building	3,695,917	3,412,161	2,709,414	2,695,204
Merger and acquisition	2,301,167	2,869,254	1,977,057	2,517,088
Purchase of securities	22,653,271	23,610,624	7,496,836	8,699,060
Purchase of transport vehicles	22,941,545	21,539,969	2,778,259	4,103,681
Working capital	75,048,333	64,119,486	50,713,728	46,512,851
Other purpose	30,546,283	29,629,747	19,797,325	19,301,684
Gross loans, advances and financing	<b>348,649,458</b>	<b>322,650,407</b>	<b>203,461,599</b>	<b>199,287,556</b>

(v) By geographical distribution:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	253,286,293	237,974,816	143,892,489	145,804,366
Indonesia	2,172,831	1,739,440	2,172,831	1,737,486
Thailand	32,833,151	30,481,063	2,295,570	3,402,964
Singapore	37,002,402	32,996,441	37,002,402	32,996,441
United Kingdom	4,667,221	3,799,620	4,667,221	3,799,620
Hong Kong	1,494,957	1,298,810	1,494,957	1,298,810
China	3,272,678	3,273,520	3,272,678	3,273,520
Other countries	13,919,925	11,086,697	8,663,451	6,974,349
Gross loans, advances and financing	<b>348,649,458</b>	<b>322,650,407</b>	<b>203,461,599</b>	<b>199,287,556</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing (Continued)**

(vi) By economic sector:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	8,315,725	6,828,897	4,211,079	3,929,341
Mining and quarrying	4,007,421	4,121,797	2,870,175	2,833,606
Manufacturing	18,448,598	16,792,754	11,486,842	10,763,558
Electricity, gas and water supply	4,508,901	4,994,656	2,318,763	2,988,675
Construction	10,180,218	9,641,713	7,340,313	7,593,684
Transport, storage and communications	10,405,432	7,896,318	5,954,895	5,599,431
Education, health and others	19,128,367	17,766,289	15,582,155	14,827,708
Wholesale and retail trade, and restaurants and hotels	24,753,638	24,404,972	14,564,956	16,290,902
Finance, insurance/takaful, real estate and business activities	46,136,546	41,193,621	32,326,415	29,366,878
Household	198,639,063	185,656,237	102,753,487	102,083,876
Others	4,125,549	3,353,153	4,052,519	3,009,897
Gross loans, advances and financing	<b>348,649,458</b>	<b>322,650,407</b>	<b>203,461,599</b>	<b>199,287,556</b>

(vii) By residual contractual maturity:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	65,784,616	65,964,658	48,928,114	53,557,469
One year to less than three years	23,438,254	17,779,101	17,572,879	12,529,032
Three years to less than five years	33,263,122	28,644,969	21,083,280	18,203,894
Five years and more	226,163,466	210,261,679	115,877,326	114,997,161
Gross loans, advances and financing	<b>348,649,458</b>	<b>322,650,407</b>	<b>203,461,599</b>	<b>199,287,556</b>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing (Continued)**

(viii) Credit impaired loans, advances and financing by economic purpose:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personal use	<b>350,326</b>	238,672	<b>245,517</b>	159,189
Credit card	<b>121,301</b>	110,140	<b>118,221</b>	108,298
Purchase of consumer durables	<b>1,997</b>	2,400	<b>895</b>	753
Construction	<b>292,140</b>	1,311,302	<b>125,172</b>	1,176,524
Residential property (Housing)	<b>2,737,980</b>	1,435,245	<b>1,372,607</b>	807,028
Non-residential property	<b>705,929</b>	578,836	<b>544,389</b>	473,168
Purchased of fixed assets other than land and building	<b>30,136</b>	44,888	<b>3,559</b>	25,008
Purchase of securities	<b>53,934</b>	185,663	<b>44,785</b>	180,154
Purchase of transport vehicles	<b>300,204</b>	281,282	<b>76,631</b>	105,291
Working capital	<b>2,820,564</b>	3,781,209	<b>2,634,220</b>	3,535,066
Merger and acquisition	-	12,845	-	12,845
Other purpose	<b>738,460</b>	570,446	<b>380,284</b>	209,082
Gross credit impaired loans, advances and financing	<b>8,152,971</b>	8,552,928	<b>5,546,280</b>	6,792,406

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing (Continued)**

(ix) Credit impaired loans, advances and financing by geographical distribution:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,302,975	5,052,000	3,868,657	4,392,165
Indonesia	28,531	154,190	28,531	154,190
Thailand	1,137,178	1,055,536	-	42
Singapore	736,184	1,515,551	736,184	1,515,551
United Kingdom	8,700	7,658	8,700	7,658
Hong Kong	142,284	9	142,284	9
China	4,546	5,429	4,546	5,429
Other countries	792,573	762,555	757,378	717,362
Gross credit impaired loans, advances and financing	<b>8,152,971</b>	<b>8,552,928</b>	<b>5,546,280</b>	<b>6,792,406</b>

(x) Credit impaired loans, advances and financing by economic sector

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	84,888	77,291	29,704	51,776
Mining and quarrying	994,091	1,240,579	992,953	1,238,003
Manufacturing	251,464	392,919	195,539	203,598
Electricity, gas and water supply	111	250,530	111	250,530
Construction	155,479	147,571	95,993	101,055
Transport, storage and communications	389,202	1,211,188	382,302	1,206,694
Education, health and others	156,934	186,352	28,375	109,369
Wholesale and retail trade, and restaurants and hotels	1,053,898	1,669,400	746,613	1,381,076
Finance, insurance/takaful, real estate and business activities	575,361	532,309	353,225	338,385
Household	3,755,456	2,188,845	1,986,583	1,256,929
Others	736,087	655,944	734,882	654,991
Gross credit impaired loans, advances and financing	<b>8,152,971</b>	<b>8,552,928</b>	<b>5,546,280</b>	<b>6,792,406</b>

## CIMB Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 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
<b>At 1 January 2022</b>	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	-	-
<b>Total charge to Statement of Income:</b>	(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)
Writeback 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
<b>At 31 December 2022</b>	<b>1,112,032</b>	<b>2,940,456</b>	<b>3,665,331</b>	<b>1,771</b>	<b>7,719,590</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****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
<b>At 1 January 2021</b>	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	-	-
<b>Total charge to Statement of Income:</b>	(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)
Writeback 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
<b>At 31 December 2021</b>	1,267,136	2,602,869	4,773,996	3,046	8,647,047

## CIMB Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 9 Loans, advances and financing (Continued)

(xi) Movements in the expected credit losses for loans, advances and financing are as follows (Continued):

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2022</b>	<b>817,845</b>	<b>1,636,641</b>	<b>4,094,538</b>	<b>6,549,024</b>
Changes in expected credit losses due to transferred within stages:	<b>289,745</b>	<b>(475,399)</b>	<b>185,654</b>	<b>-</b>
Transferred to Stage 1	<b>544,767</b>	<b>(492,733)</b>	<b>(52,034)</b>	<b>-</b>
Transferred to Stage 2	<b>(251,356)</b>	<b>510,194</b>	<b>(258,838)</b>	<b>-</b>
Transferred to Stage 3	<b>(3,666)</b>	<b>(492,860)</b>	<b>496,526</b>	<b>-</b>
<b>Total charge to Statement of Income:</b>	<b>(371,393)</b>	<b>609,017</b>	<b>561,712</b>	<b>799,336</b>
New financial assets originated	<b>761,907</b>	<b>88,763</b>	<b>38,476</b>	<b>889,146</b>
Financial assets that have been derecognised	<b>(396,604)</b>	<b>(175,251)</b>	<b>-</b>	<b>(571,855)</b>
Writeback in respect of full recoveries	<b>-</b>	<b>-</b>	<b>(91,971)</b>	<b>(91,971)</b>
Change in credit risk	<b>(736,696)</b>	<b>695,505</b>	<b>615,207</b>	<b>574,016</b>
Write-offs	<b>(900)</b>	<b>(3,091)</b>	<b>(2,505,445)</b>	<b>(2,509,436)</b>
Exchange fluctuation	<b>10,711</b>	<b>5,412</b>	<b>86,021</b>	<b>102,144</b>
Other movements	<b>773</b>	<b>1,745</b>	<b>310,669</b>	<b>313,187</b>
<b>At 31 December 2022</b>	<b>746,781</b>	<b>1,774,325</b>	<b>2,733,149</b>	<b>5,254,255</b>

## CIMB Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 9 Loans, advances and financing (Continued)

(xi) Movements in the expected credit losses for loans, advances and financing are as follows (Continued):

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	857,601	1,200,071	3,331,702	5,389,374
Changes in expected credit losses due to transferred within stages:	598,685	(1,088,607)	489,922	-
Transferred to Stage 1	1,054,425	(975,549)	(78,876)	-
Transferred to Stage 2	(454,656)	1,028,846	(574,190)	-
Transferred to Stage 3	(1,084)	(1,141,904)	1,142,988	-
<b>Total charge to Statement of Income:</b>	(642,188)	1,163,712	720,732	1,242,256
New financial assets originated	586,605	472,429	17,810	1,076,844
Financial assets that have been derecognised	(372,949)	(544,398)	-	(917,347)
Writeback in respect of full recoveries	-	-	(57,324)	(57,324)
Change in credit risk	(855,844)	1,235,681	760,246	1,140,083
Write-offs	(902)	(928)	(567,925)	(569,755)
Exchange fluctuation	3,079	6,487	44,103	53,669
Other movements	1,570	355,906	76,004	433,480
<b>At 31 December 2021</b>	817,845	1,636,641	4,094,538	6,549,024

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing (Continued)**

## (xii) Movements in credit impaired loans, advances and financing

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

	<b>The Group</b>		
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Purchased credit impaired RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2022</b>	<b>8,545,671</b>	<b>7,257</b>	<b>8,552,928</b>
Transfer within stages	3,006,592	-	3,006,592
New financial assets originated	145,216	-	145,216
Write-offs	(2,899,217)	(1,320)	(2,900,537)
Amount fully recovered	(518,309)	-	(518,309)
Other changes in loans, advances and financing	(135,405)	(96)	(135,501)
Disposal of loans, advances and financing	(162,684)	-	(162,684)
Exchange fluctuation	165,159	107	165,266
<b>At 31 December 2022</b>	<b>8,147,023</b>	<b>5,948</b>	<b>8,152,971</b>

	<b>The Group</b>		
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Purchased credit impaired RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	<b>8,689,004</b>	<b>7,816</b>	<b>8,696,820</b>
Transfer within stages	2,068,064	-	2,068,064
New financial assets originated	266,247	-	266,247
Write-offs	(1,009,795)	-	(1,009,795)
Amount fully recovered	(682,931)	-	(682,931)
Other changes in loans, advances and financing	(354,597)	(49)	(354,646)
Disposal of loans, advances and financing	(390,214)	-	(390,214)
Exchange fluctuation	(40,107)	(510)	(40,617)
<b>At 31 December 2021</b>	<b>8,545,671</b>	<b>7,257</b>	<b>8,552,928</b>

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
Ratio of credit impaired loans to total gross loans, advances and financing	<b>2.34%</b>	2.65%

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****9 Loans, advances and financing (Continued)**

## (xii) Movements in credit impaired loans, advances and financing (Continued)

Gross carrying amount movement of loans, advances and financing at amortised cost classified as credit impaired (Continued):

	<b>The Bank</b>	
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2022</b>	<b>6,792,406</b>	<b>6,792,406</b>
Transfer within stages	1,391,876	1,391,876
New financial assets originated	121,549	121,549
Write-offs	(2,513,369)	(2,513,369)
Amount fully recovered	(299,727)	(299,727)
Other changes in loans, advances and financing	(93,892)	(93,892)
Exchange fluctuation	147,437	147,437
<b>At 31 December 2022</b>	<b>5,546,280</b>	<b>5,546,280</b>

	<b>The Bank</b>	
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	<b>5,676,423</b>	<b>5,676,423</b>
Transfer within stages	2,100,806	2,100,806
New financial assets originated	52,712	52,712
Write-offs	(570,417)	(570,417)
Amount fully recovered	(283,275)	(283,275)
Other changes in loans, advances and financing	(228,129)	(228,129)
Exchange fluctuation	44,286	44,286
<b>At 31 December 2021</b>	<b>6,792,406</b>	<b>6,792,406</b>

	<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>
Ratio of credit impaired loans to total gross loans, advances and financing	<b>2.73%</b>	3.41%

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **9 Loans, advances and financing (Continued)**

#### **Impact of movements in gross carrying amount on expected credit losses**

##### **2022:**

Total ECL for the Group and the Bank decreased by RM927 million and RM1,295 million respectively compared to 2021.

Stage 1 ECL decreased by RM155 million for the Group and RM71 million for the Bank as a result loans, advances and 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 amounting to RM159,762 million for the Group and RM124,695 million for the Bank, offset by newly originated loans.

Stage 2 ECL increased by RM338 million for the Group and RM138 million for the Bank as a result of RM36,105 million and RM23,722 million of the Group's and the Bank's loans, advances and financing migrated into Stage 2 and additional disbursement, offset by loans, advances and 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 decreased by RM1,109 million for the Group and RM1,361 million for the Bank 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 that were written off during the year amounting to RM6,181 million for the Group and RM4,644 million for the Bank. This is however offset by RM5,768 million and RM3,222 million of the Group's and the Bank'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 and the Bank during the financial year were RM1,448,352,000 and RM222,558,000.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **9 Loans, advances and financing (Continued)**

#### **Impact of movements in gross carrying amount on expected credit losses (Continued)**

2021:

Stage 1 ECL decreased by RM148 million for the Group and RM40 million for the Bank as a result of RM163,168 million and RM110,591 million of the Group's and the Bank's loans, advances and 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 and 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 RM822 million for the Group and RM437 million for the Bank as a result of RM63,044 million and RM37,609 million of the Group's and the Bank's loans, advances and financing migrated into Stage 2 and additional disbursement, offset by loans, advances and 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 due to deterioration in credit quality and migrated to Stage 1 as a result of improved credit quality.

Stage 3 ECL increased by RM625 million for the Group and RM763 million for the Bank as a result of RM6,380 million and RM4,104 million of the Group's and the Bank's loans, advances and financing that were transferred into Stage 3 due to credit quality deterioration, offset by loans, advances and 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 and 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 56.1.7.

The amount of loans, advances and financing whose cash flows were modified of the Group and the Bank during the financial year were RM49,843,031,000 and RM24,216,539,000.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****10 Other assets**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Foreclosed assets, net of allowance for impairment losses of RM32,672,000 (2021: RM18,252,000)	(a)	<b>140,969</b>	119,753	-	-
Due from brokers		<b>10,377</b>	146,389	<b>10,377</b>	146,389
Structured financing		<b>553,415</b>	601,812	<b>553,415</b>	601,812
Collateral pledged for derivative transactions		<b>3,309,311</b>	2,897,982	<b>1,470,405</b>	1,201,829
Treasury related receivables		<b>1,744,362</b>	1,315,260	<b>622,847</b>	943,540
Settlement accounts		<b>1,242,400</b>	442,105	<b>1,181,106</b>	386,498
Other debtors net of expected credit losses*, deposits and prepayments	(b)	<b>1,808,325</b>	1,681,138	<b>1,653,175</b>	1,528,685
		<b>8,809,159</b>	7,204,439	<b>5,491,325</b>	4,808,753

\* net of expected credit losses of RM557,878,000 (2021: RM417,745,000) for the Group and RM537,996,000 (2021: RM408,594,000) for the Bank (see Note 10(b))

- (a) Movements of allowance on impairment for foreclosed assets during the financial year are as follows:

	The Group	
	2022 RM'000	2021 RM'000
<b>At 1 January</b>	<b>18,252</b>	21,396
Net allowance made during the financial year	<b>97,468</b>	119,006
Disposed during the financial year	<b>(83,513)</b>	(120,822)
Exchange difference	<b>465</b>	(1,328)
<b>At 31 December</b>	<b>32,672</b>	18,252

Foreclosed properties 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 sale comparison approach. Sale price of comparable land and building in close proximity are adjusted for differences in key attributes such as property size.



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****10 Other assets (Continued)**

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

(i) Under simplified approach

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January</b>	<b>27,081</b>	27,180	<b>17,930</b>	19,237
Net expected credit losses (writeback)/made during the financial year	(9,365)	7,307	(9,279)	5,575
Write-offs	(5,336)	(6,938)	(204)	(6,882)
Exchange difference	139	(468)	-	-
<b>At 31 December</b>	<b>12,519</b>	27,081	<b>8,447</b>	17,930

(ii) Under general approach

The Group	12-month expected credit losses	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	-	-	390,664	390,664
<b>Total charge to Statement of Income:</b>	<b>23,340</b>	<b>2,000</b>	<b>129,355</b>	<b>154,695</b>
Writeback in respect of full recoveries	-	-	(109,793)	(109,793)
Change in credit risk	23,340	2,000	239,148	264,488
<b>At 31 December 2022</b>	<b>23,340</b>	<b>2,000</b>	<b>520,019</b>	<b>545,359</b>

The Bank	12-month expected credit losses	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	-	-	390,664	390,664
<b>Total charge to Statement of Income:</b>	<b>9,258</b>	<b>2,000</b>	<b>127,627</b>	<b>138,885</b>
Writeback in respect of recoveries	-	-	(109,793)	(109,793)
Change in credit risk	9,258	2,000	237,420	248,678
<b>At 31 December 2022</b>	<b>9,258</b>	<b>2,000</b>	<b>518,291</b>	<b>529,549</b>

Included in the ECL provided in the current and previous financial year under general approach is related to settlement of debit card balances.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****10 Other assets (Continued)**

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

(ii) Under general approach (Continued)

<b>The Group and the Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>	-	73,434	253,736	327,170
<b>Total charge to Statement of Income:</b>	-	3,353	136,928	140,281
Writeback in respect of recoveries	-	-	(143,942)	(143,942)
Change in credit risk	-	3,353	280,870	284,223
Other movements	-	(76,787)	-	(76,787)
<b>At 31 December 2021</b>	-	-	390,664	390,664

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

<b>The Group</b>	<b>Lifetime expected credit losses - credit impaired (Stage 3) RM'000</b>
<b>At 1 January 2022</b>	<b>421,871</b>
Transfer within stages	223,973
Writeback in respect of recoveries	(125,825)
<b>At 31 December 2022</b>	<b>520,019</b>

<b>The Bank</b>	<b>Lifetime expected credit losses - credit impaired (Stage 3) RM'000</b>
<b>At 1 January 2022</b>	<b>421,871</b>
Transfer within stages	222,245
Writeback in respect of recoveries	(125,825)
<b>At 31 December 2022</b>	<b>518,291</b>

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 10 Other assets (Continued)

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

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

The Group and the Bank	<b>Lifetime expected credit losses - credit impaired (Stage 3) RM'000</b>
<b>At 1 January 2021</b>	253,736
Transfer within stages	312,077
Writeback in respect of recoveries	(143,942)
<b>At 31 December 2021</b>	<u>421,871</u>

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

#### 2022:

Stage 1 ECL increased by RM23 million and RM9 million for the Group and the Bank respectively due to change in credit risk.

Stage 2 ECL increased by RM2 million for the Group and the Bank respectively during the financial year due to change in credit risk.

Stage 3 ECL increased by RM129 million and RM128 million for the Group and the Bank respectively 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 restructuring 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****11 Amounts due from holding company and ultimate holding company**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amounts due from:				
- ultimate holding company	9,698	12,675	9,687	12,675
- holding company	3,857	3,234	3,857	3,234
	<b>13,555</b>	<b>15,909</b>	<b>13,544</b>	<b>15,909</b>

The amounts due from holding company and ultimate holding company are unsecured, interest free and callable on demand.

**12 Amounts due from/(to) subsidiaries**

	The Bank	
	2022	2021
	RM'000	RM'000
Amounts due from subsidiaries	<b>7,031</b>	9,282
Amounts due to subsidiaries	<b>(456,615)</b>	(273,949)

The amounts due from/(to) subsidiaries are unsecured, interest free and callable on demand.

**13 Amounts due from/(to) related companies**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amounts due from related companies	<b>2,949,125</b>	2,145,385	<b>2,946,427</b>	2,142,164
Amounts due to related companies	<b>(17,757)</b>	(6,972)	<b>(8,548)</b>	(2,679)

Included in amount due from related companies is an amount of RM2,882,834,000 (2021: RM2,099,818,000) due from Proton Commerce Sdn. Bhd. ("PCSB"). These comprise of the funding to PCSB for the hire purchase business.

Other than the above, the amounts from/(to) related companies are unsecured, interest free and callable on demand.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****14 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:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deferred tax assets	<b>1,363,733</b>	1,269,525	<b>934,271</b>	891,970

Further breakdown are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Deferred tax assets (before offsetting)</b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Expected credit losses	<b>538,339</b>	508,198	<b>300,444</b>	271,656
Fair value reserve - Debt instruments at fair value through other comprehensive income	<b>294,132</b>	188,643	<b>237,241</b>	152,734
Unutilised tax losses	<b>11,921</b>	13,626	-	-
Unutilised capital allowance	<b>233</b>	4,266	-	-
Post employment benefit obligations	<b>39,865</b>	42,240	-	-
Provision for expenses	<b>395,981</b>	471,411	<b>372,425</b>	452,920
Cash flow hedge	-	-	<b>649</b>	-
Lease liabilities	<b>74,763</b>	96,356	<b>71,856</b>	93,579
Other temporary differences	<b>170,672</b>	123,773	<b>75,737</b>	63,472
	<b>1,525,906</b>	1,448,513	<b>1,058,352</b>	1,034,361
Offsetting	<b>(162,173)</b>	(178,988)	<b>(124,081)</b>	(142,391)
<b>Deferred tax assets (after offsetting)</b>	<b>1,363,733</b>	1,269,525	<b>934,271</b>	891,970
<b>Deferred tax liabilities (before offsetting)</b>				
Fair value reserve - Equity instruments at fair value through other comprehensive income	<b>(37,872)</b>	(37,856)	<b>(37,515)</b>	(37,486)
Right-of-use assets	<b>(53,476)</b>	(82,894)	<b>(51,077)</b>	(80,690)
Property, plant and equipment	<b>(53,954)</b>	(42,361)	<b>(21,224)</b>	(12,468)
Intangible assets	<b>(15,919)</b>	(13,332)	<b>(14,265)</b>	(11,423)
Cash flow hedge	<b>(952)</b>	(2,545)	-	(324)
	<b>(162,173)</b>	(178,988)	<b>(124,081)</b>	(142,391)
Offsetting	<b>162,173</b>	178,988	<b>124,081</b>	142,391
<b>Deferred tax liabilities (after offsetting)</b>	-	-	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****14 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Intangible assets	Post employment benefit obligations	Provision for expenses	Cash flow hedge	Right-of-use assets	Lease liabilities	Unutilised tax losses	Unutilised capital allowance	Other temporary differences	Total
<b>Deferred tax assets/(liabilities)</b>															
At 1 January 2022		508,198	(42,361)	188,643	(37,856)	(13,332)	42,240	471,411	(2,545)	(82,894)	96,356	13,626	4,266	123,773	1,269,525
Credited/(charged) to statements of income	46	18,744	(573)	(1,550)	-	(10,426)	1,002	(74,970)	-	30,704	(21,920)	(4,325)	-	41,800	(21,514)
(Under)/over provision in prior financial year		5,789	(10,316)	-	-	7,839	54	(843)	-	(290)	(399)	(133)	(4,033)	3,732	1,400
Transferred to equity		-	-	106,239	(11)	-	(4,069)	-	1,629	-	-	-	-	-	103,788
Exchange difference		5,608	(704)	800	(5)	-	638	383	(36)	(996)	726	2,753	-	1,367	10,534
At 31 December 2022		538,339	(53,954)	294,132	(37,872)	(15,919)	39,865	395,981	(952)	(53,476)	74,763	11,921	233	170,672	1,363,733

The Group	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Intangible assets	Post employment benefit obligations	Provision for expenses	Cash flow hedge	Right-of-use assets	Lease liabilities	Unutilised tax losses	Unutilised capital allowance	Other temporary differences	Total
<b>Deferred tax assets/(liabilities)</b>															
At 1 January 2021		498,943	1,586	(14,844)	(32,897)	(30,141)	39,134	240,044	(1,941)	(114,792)	124,196	11,487	4,192	4,085	729,052
Credited/(charged) to statements of income	46	19,076	(2,056)	-	-	10,167	6,234	228,482	-	34,196	(31,389)	4,689	-	83,371	352,770
Over/(under) provision in prior financial year		(4,529)	(41,783)	-	-	6,642	408	2,985	-	(2,720)	3,973	(5,319)	74	37,351	(2,918)
Transferred to equity		-	-	203,310	(4,979)	-	(908)	-	(982)	-	-	-	-	-	196,441
Exchange difference		(5,292)	(108)	177	20	-	(2,628)	(100)	378	422	(424)	2,769	-	(1,034)	(5,820)
At 31 December 2021		508,198	(42,361)	188,643	(37,856)	(13,332)	42,240	471,411	(2,545)	(82,894)	96,356	13,626	4,266	123,773	1,269,525

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 14 Deferred taxation (Continued)

The movements in deferred tax assets and liabilities during the financial year comprise the following (Continued):

The Bank	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Intangible assets	Provision for expenses	Cash flow hedge	Right-of-use assets	Lease liabilities	Other temporary differences	Total
<b>Deferred tax assets/(liabilities)</b>												
At 1 January 2022		271,656	(12,468)	152,734	(37,486)	(11,423)	452,920	(324)	(80,690)	93,579	63,472	891,970
(Charged)/credited to statements of income	46	19,554	(608)	-	-	(10,679)	(78,696)	-	30,317	(21,536)	6,726	(54,922)
Over/(under) provision in prior financial year		5,239	(7,307)	-	-	7,837	(2,175)	-	-	(602)	2,988	5,980
Transferred to equity		-	-	83,836	(29)	-	-	973	-	-	-	84,780
Exchange difference		3,995	(841)	671	-	-	376	-	(704)	415	2,551	6,463
<b>At 31 December 2022</b>		<b>300,444</b>	<b>(21,224)</b>	<b>237,241</b>	<b>(37,515)</b>	<b>(14,265)</b>	<b>372,425</b>	<b>649</b>	<b>(51,077)</b>	<b>71,856</b>	<b>75,737</b>	<b>934,271</b>

The Bank	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Intangible assets	Provision for expenses	Cash flow hedge	Right-of-use assets	Lease liabilities	Other temporary differences	Total
<b>Deferred tax assets/(liabilities)</b>												
At 1 January 2021		304,465	(2,517)	9,274	(32,681)	(27,909)	223,299	1,902	(112,571)	121,857	50,404	535,523
Credited/(charged) to statements of income	46	(33,998)	(2,584)	-	-	10,127	226,941	-	31,881	(29,174)	10,848	214,041
Over/(under) provision in prior financial year		503	(7,182)	-	-	6,359	2,721	-	-	896	-	3,297
Transferred to equity		-	-	143,523	(4,805)	-	-	(2,226)	-	-	-	136,492
Exchange difference		686	(185)	(63)	-	-	(41)	-	-	-	2,220	2,617
<b>At 31 December 2021</b>		<b>271,656</b>	<b>(12,468)</b>	<b>152,734</b>	<b>(37,486)</b>	<b>(11,423)</b>	<b>452,920</b>	<b>(324)</b>	<b>(80,690)</b>	<b>93,579</b>	<b>63,472</b>	<b>891,970</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****15 Statutory deposits with central banks**

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia (“BNM”) are 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 foreign subsidiaries and foreign branches 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/Sukuk and Malaysian Government Investment Issue to fully meet the SRR requirement of 2%. This flexibility is available until 31 December 2022.

**16 Investments in subsidiaries**

		<b>The Bank</b>	
		<b>2022</b>	2021
		<b>RM'000</b>	RM'000
Unquoted shares, at cost			
- ordinary shares	(a)	<b>6,432,929</b>	6,390,315
- preference shares	(b)	<b>350,000</b>	420,000
		<u><b>6,782,929</b></u>	<u>6,810,315</u>
Fair values arising from fair value hedge		<b>44,864</b>	28,289
Less: Allowance for impairment losses		<b>(34,075)</b>	(15,239)
		<u><b>6,793,718</b></u>	<u>6,823,365</u>

(a) On 18 July 2022, the Bank completed the capital injection of VND225 billion into new ordinary shares of CIMB Bank (Vietnam) Limited. The new ordinary shares were issued by CIMB Bank (Vietnam) Limited at an issue price of VND1 each to CIMB Bank.

(b) On 14 January 2022, CIMB Islamic redeemed its RM70 million Basel II Additional Tier 1 Perpetual Preference Shares from CIMB Bank.



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****16 Investments in subsidiaries (Continued)**

The Bank has undertaken fair value hedge on the foreign exchange risk arising from its investment in CIMB Bank PLC. The fair value hedge on CIMB Bank PLC is accounted for as net investment hedge at Group level.

The table below shows the movements in allowance for impairment losses during the financial year for the Bank:

	<b>The Bank</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
At 1 January	<b>15,239</b>	17,194
Allowance made during the financial year	<b>18,839</b>	2
Liquidation of a subsidiary	<b>(3)</b>	(1,957)
At 31 December	<b><u>34,075</u></b>	<u>15,239</u>

(a) The subsidiaries of the Bank are as follows:

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2022	2021	2022	2021
		%	%	%	%
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	<b>100</b>	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Provision of nominee services	<b>100</b>	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	<b>100</b>	100
BC Management Services Ltd. (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	<b>100</b>	100
CIMB Islamic Trustee Berhad	Trustee to unit trust funds, public debt financing issues and private trusts and other corporate trusts	<b>20</b>	20	<b>40</b>	40
CIMB Trust Limited (Incorporated in the Federal Territory of Labuan)	Trustee services	<b>100</b>	100	-	-
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	<b>100</b>	100	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Carrying on business of a Labuan bank	<b>100</b>	100	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of outsourcing services	<b>100</b>	100	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****16 Investments in subsidiaries (Continued)**

(a) The subsidiaries of the Bank are as follows (Continued):

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2022	2021	2022	2021
		%	%	%	%
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	-	-	100	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Provision of nominee services	-	-	100	100
CIMB Commerce Trustee Berhad	Provision of trustee, custodian and nominees services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
BHLB Properties Sdn. Bhd.	To own and manage premises and other immovable properties	100	100	-	-
SIBB Berhad	Investment dealing	80	80	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	-	-	80	80
SFB Auto Berhad	Financial services	100	100	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	-	-
CIMB Nominees (S) Pte. Ltd. (Incorporated in Republic of Singapore) ^^	Provision of nominee services	100	100	-	-
CIMB Thai Bank Public Company Limited (Incorporated in the Kingdom of Thailand) ^	Commercial Banking	94.83	94.83	-	-
CIMB Bank PLC (Incorporated in Cambodia) ^	Commercial banking and related financial services	100	100	-	-
CIMB Bank (Vietnam) Limited (Incorporated in Vietnam) ^	Banking activities	100	100	-	-
Merdeka Kapital Berhad **	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	-	-	-	-

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 16 Investments in subsidiaries (Continued)

(a) The subsidiaries of the Bank are as follows (Continued):

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

Name	Principal activities	Percentage of equity held:	
		2022 %	2021 %
CT Coll Company Limited (Incorporated in the Kingdom of Thailand) <sup>α^</sup>	Services of debt collection and debt restructuring	-	99.99
CIMB Thai Auto Co. Ltd (Incorporated in the Kingdom of Thailand) <sup>α</sup>	Hire purchase sale & leaseback and financial lease	99.99	99.99
Worldlease Company Limited (Incorporated in the Kingdom of Thailand) <sup>α</sup>	Hire purchase of motorcycles	99.99	99.99

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

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

\*\* The silo of Merdeka Kapital Berhad is consolidated pursuant to MFRS 10 and not audited by PricewaterhouseCoopers PLT

αα in the strike off/liquidation process

α strike off completed during the financial year

All the subsidiaries, unless otherwise stated, are incorporated in Malaysia.

### Impairment test of investment in subsidiaries

As at 31 December 2022, the net assets of CIMB Vietnam was below its carrying amount. Accordingly, the Bank had undertaken an impairment test on the carrying amount of the investments in CIMB Vietnam.

### CIMB Vietnam

The recoverable amount of the investment in CIMB Vietnam was determined based on the fair value less costs of disposal. The fair value was determined based on the price-to-book (P/B) multiples of comparable companies. The fair value measurement was categorised within level 2 of the fair value hierarchy. No impairment is required as the fair value less costs of disposal exceeded the carrying amount.

Further sensitivity tests have been performed and the estimated recoverable amount will only be equal to the carrying value under the assumptions when the P/B multiple is stressed by 651 basis points while all other assumptions remained constant.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **16 Investments in subsidiaries (Continued)**

#### **(b) Consolidation of the silo of Merdeka Kapital Berhad**

In 2011, the 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, the Group has consolidated the silo of MKB in relation to the 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.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****16 Investments in subsidiaries (Continued)**

(c) 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 allocated to non- controlling interests		Accumulated non-controlling interests	
	2022	2021	2022	2021	2022	2021
	%	%	RM'000	RM'000	RM'000	RM'000
CIMB Thai Bank Public Company Limited and its subsidiaries (incorporated in the Kingdom of Thailand)	5.17	5.17	20,088	13,817	292,170	275,668
Individually immaterial subsidiaries with non-controlling interests					9,835	9,733
					<b>302,005</b>	<b>285,401</b>

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	
	2022	2021
	RM'000	RM'000
Total assets	62,960,383	49,828,149
Total liabilities	(57,208,562)	(44,477,978)
Net assets	<b>5,751,821</b>	<b>5,350,171</b>
	Year ended 31 December	
	2022	2021
	RM'000	RM'000
Revenue	<b>1,662,276</b>	1,722,202
Profit before taxation	487,803	308,508
Taxation	(99,249)	(41,249)
Other comprehensive income/(expense)	53,476	(489,693)
Total comprehensive income/(expense)	<b>442,030</b>	(222,434)
Profit allocated to non-controlling interest	<b>20,088</b>	13,817
Net cash generated from operating activities	<b>5,033,934</b>	2,142,284
Net cash used in investing activities	(3,913,789)	(1,614,599)
Net cash used in financing activities	(807,110)	(419,483)
Net increase in cash and cash equivalents	<b>313,035</b>	108,202

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****17 Investment in joint venture**

	<b>The Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b>At 1 January</b>	<b>151,157</b>	140,158
Share of profit	<b>16,749</b>	10,999
Dividend paid	<b>(5,000)</b>	-
<b>At 31 December</b>	<b>162,906</b>	151,157

	<b>The Bank</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Unquoted shares, at cost	<b>125,000</b>	125,000

## (a) Information about joint venture:

The principal place of business and country of incorporation of the joint venture is Malaysia. The joint venture is measured using the equity method. There is no available quoted market price of the investment in the joint venture.

The direct joint venture of the Bank is:

<b>Name</b>	<b>Principal activity</b>	<b>Percentage of equity held</b>	
		<b>2022</b>	2021
		%	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	<b>50</b>	50

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 the Bank and the subsequent capital reduction exercise undertaken by BCF in 2006, the BCF PPS were cancelled, and the Bank issued RM200 million PPS to PCSB.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****17 Investment in joint venture (Continued)**

- (b) 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).

	<b>PCSB</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Non-current assets	<b>3,173,198</b>	2,394,156
Current assets	<b>710,476</b>	596,282
Current liabilities (non-trade)	<b>(3,550,149)</b>	(2,685,101)
Non-current liabilities (non-trade)	<b>(7,714)</b>	(3,024)
Net assets	<b>325,811</b>	302,313
The above amounts of assets include the following:		
Cash and cash equivalents	<b>13,741</b>	1,932
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Revenue	<b>153,438</b>	117,559
Profit for the financial year/Total comprehensive income for the financial year	<b>33,498</b>	21,998
The above profit for the financial year include the following:		
Interest income	<b>134,239</b>	105,939
Interest expense	<b>(58,662)</b>	(38,994)
Taxation	<b>(9,784)</b>	(6,395)

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

	<b>PCSB</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Opening net assets as at 1 January	<b>302,313</b>	280,315
Profit for the financial year	<b>33,498</b>	21,998
Dividend paid	<b>(10,000)</b>	-
Closing net assets as at 31 December	<b>325,811</b>	302,313
Interest in joint venture	<b>50%</b>	50%
Interest in joint venture (RM'000)	<b>162,906</b>	151,157

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****18 Property, plant and equipment**

The Group 2022	Note	Freehold land	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, work-in- progress, office equipment, plant and machinery and furniture and fittings	Computer equipment and hardware	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>									
At 1 January		118,606	353,333	32,185	4,118	948,466	1,020,378	26,545	2,503,631
Additions		-	-	-	-	155,712	88,134	3,533	247,379
Disposals/write-offs		-	-	-	-	(143,926)	(50,129)	(7,639)	(201,694)
Reclassifications		-	-	-	-	(938)	938	-	-
Reclassified (to)/from intangible assets	21	-	-	-	-	(1,189)	515	-	(674)
Exchange fluctuation		681	2,227	(949)	-	12,317	6,295	566	21,137
<b>At 31 December</b>		<b>119,287</b>	<b>355,560</b>	<b>31,236</b>	<b>4,118</b>	<b>970,442</b>	<b>1,066,131</b>	<b>23,005</b>	<b>2,569,779</b>
<b>Accumulated depreciation and impairment</b>									
At 1 January		4,729	115,663	9,977	3,797	705,089	799,907	21,151	1,660,313
Charge for the financial year	41	-	6,893	915	75	52,010	104,889	2,783	167,565
Disposals/write-off		-	(205)	-	-	(113,418)	(48,128)	(7,473)	(169,224)
Reversal of impairment		-	-	-	-	-	-	-	-
Reclassified to right-of-use assets		-	-	(202)	(23)	-	-	-	(225)
Exchange fluctuation		70	1,669	(298)	-	5,606	4,869	465	12,381
<b>At 31 December</b>		<b>4,799</b>	<b>124,020</b>	<b>10,392</b>	<b>3,849</b>	<b>649,287</b>	<b>861,537</b>	<b>16,926</b>	<b>1,670,810</b>
<b>Net book value at 31 December 2022</b>		<b>114,488</b>	<b>231,540</b>	<b>20,844</b>	<b>269</b>	<b>321,155</b>	<b>204,594</b>	<b>6,079</b>	<b>898,969</b>



# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 18 Property, plant and equipment (Continued)

The Group 2021	Note	Freehold land	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, work-in- progress, office equipment, plant and machinery and furniture and fittings	Computer equipment and hardware	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>									
As 1 January		134,172	378,191	46,578	12,380	973,919	971,125	33,188	2,549,553
Additions		-	-	-	-	166,122	74,596	2,512	243,230
Disposals/write-offs		(5,446)	(7,321)	-	(6,667)	(132,716)	(63,614)	(7,959)	(223,723)
Reclassifications		-	6,125	(6,125)	-	(46,267)	46,267	-	-
Reclassified (to)/from intangible assets	21	-	-	-	-	(5,561)	1,299	-	(4,262)
Reclassified to right-of-use assets		-	-	(8,060)	(928)	-	-	-	(8,988)
Reclassified to non-current assets held for sale		(6,512)	(11,306)	(631)	(667)	-	-	-	(19,116)
Exchange fluctuation		(3,608)	(12,356)	423	-	(7,031)	(9,295)	(1,196)	(33,063)
<b>At 31 December</b>		<b>118,606</b>	<b>353,333</b>	<b>32,185</b>	<b>4,118</b>	<b>948,466</b>	<b>1,020,378</b>	<b>26,545</b>	<b>2,503,631</b>
<b>Accumulated depreciation and impairment</b>									
At 1 January		7,440	122,947	10,848	11,549	716,155	775,463	24,758	1,669,160
Charge for the financial year	41	-	7,284	945	125	44,876	92,578	3,872	149,680
Impairment during the financial year	43	-	1,556	-	-	227	-	-	1,783
Disposals/write-off		(2,225)	(5,321)	-	(6,585)	(45,705)	(63,316)	(7,273)	(130,425)
Reclassifications		-	-	-	-	(3,557)	2,778	779	-
Reclassified to intangible assets	21	-	-	-	-	(271)	-	-	(271)
Reclassified to right-of-use assets		-	-	(1,655)	(749)	-	-	-	(2,404)
Reclassified to non-current assets held for sale		-	(2,605)	(287)	(543)	-	-	-	(3,435)
Exchange fluctuation		(486)	(8,198)	126	-	(6,636)	(7,596)	(985)	(23,775)
<b>At 31 December</b>		<b>4,729</b>	<b>115,663</b>	<b>9,977</b>	<b>3,797</b>	<b>705,089</b>	<b>799,907</b>	<b>21,151</b>	<b>1,660,313</b>
<b>Net book value at 31 December 2021</b>		<b>113,877</b>	<b>237,670</b>	<b>22,208</b>	<b>321</b>	<b>243,377</b>	<b>220,471</b>	<b>5,394</b>	<b>843,318</b>

Work-in-progress amounted to RM204,671,189 (2021: RM95,013,802) for the Group.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****18 Property, plant and equipment (Continued)**

<b>The Bank</b>		<b>Freehold land</b>	<b>Buildings on freehold land</b>	<b>Buildings on leasehold land 50 years or more</b>	<b>Buildings on leasehold land less than 50 years</b>	<b>Renovations, work-in- progress, office equipment, plant and machinery and furniture and fittings</b>	<b>Computer equipment and hardware</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>2022</b>	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>									
<b>At 1 January</b>		<b>68,635</b>	<b>125,300</b>	<b>31,919</b>	<b>3,607</b>	<b>721,885</b>	<b>768,221</b>	<b>2,625</b>	<b>1,722,192</b>
Additions		-	-	-	-	137,034	75,851	-	212,885
Disposals/write-off		-	-	-	-	(128,125)	(25,264)	(664)	(154,053)
Reclassified to intangible assets	21	-	-	-	-	-	-	-	-
Reclassifications		-	-	-	-	-	-	-	-
Reclassified to right-of-use assets		-	-	-	-	-	-	-	-
Reclassified to non-current assets held for sale		-	-	-	-	-	-	-	-
Exchange fluctuation		-	(325)	(963)	-	7,856	2,949	8	9,525
<b>At 31 December</b>		<b>68,635</b>	<b>124,975</b>	<b>30,956</b>	<b>3,607</b>	<b>738,650</b>	<b>821,757</b>	<b>1,969</b>	<b>1,790,549</b>
<b>Accumulated depreciation</b>									
<b>At 1 January</b>		-	27,090	9,741	3,309	528,429	593,593	2,419	1,164,581
Charge for the financial year	41	-	3,159	908	63	36,630	84,443	115	125,318
Disposals/write off		-	-	-	-	(100,744)	(24,639)	(628)	(126,011)
Reclassified to right-of-use assets		-	-	(202)	(23)	-	-	-	(225)
Exchange fluctuation		-	(62)	(311)	-	2,508	2,087	10	4,232
<b>At 31 December</b>		-	<b>30,187</b>	<b>10,136</b>	<b>3,349</b>	<b>466,823</b>	<b>655,484</b>	<b>1,916</b>	<b>1,167,895</b>
<b>Net book value at 31 December 2022</b>		<b>68,635</b>	<b>94,788</b>	<b>20,820</b>	<b>258</b>	<b>271,827</b>	<b>166,273</b>	<b>53</b>	<b>622,654</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****18 Property, plant and equipment (Continued)**

<b>The Bank</b>		<b>Freehold land</b>	<b>Buildings on freehold land</b>	<b>Buildings on leasehold land 50 years or more</b>	<b>Buildings on leasehold land less than 50 years</b>	<b>Renovations, work-in- progress, office equipment, plant and machinery and furniture and fittings</b>	<b>Computer equipment and hardware</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>2021</b>	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>									
<b>At 1 January</b>		75,147	130,341	46,321	11,869	731,286	719,863	6,499	1,721,326
Additions		-	-	-	-	146,471	63,225	16	209,712
Disposals/write-off		-	-	-	(6,667)	(118,322)	(55,369)	(3,896)	(184,254)
Reclassifications		-	6,125	(6,125)	-	(39,656)	39,656	-	-
Reclassified to right-of-use assets		-	-	(8,060)	(928)	-	-	-	(8,988)
Reclassified to non-current assets held for sale		(6,512)	(11,306)	(631)	(667)	-	-	-	(19,116)
Exchange fluctuation		-	140	414	-	2,106	846	6	3,512
<b>At 31 December</b>		<b>68,635</b>	<b>125,300</b>	<b>31,919</b>	<b>3,607</b>	<b>721,885</b>	<b>768,221</b>	<b>2,625</b>	<b>1,722,192</b>
<b>Accumulated depreciation</b>									
<b>At 1 January</b>		-	24,702	10,626	11,074	532,714	573,080	5,567	1,157,763
Charge for the financial year	41	-	3,410	939	112	27,117	74,978	394	106,950
Impairment during the financial year	43	-	1,556	-	-	-	-	-	1,556
Disposals/write off		-	-	-	(6,585)	(32,793)	(55,093)	(3,548)	(98,019)
Reclassified to right-of-use assets		-	-	(1,655)	(749)	-	-	-	(2,404)
Reclassified to non-current assets held for sale		-	(2,605)	(287)	(543)	-	-	-	(3,435)
Exchange fluctuation		-	27	118	-	1,391	628	6	2,170
<b>At 31 December</b>		<b>-</b>	<b>27,090</b>	<b>9,741</b>	<b>3,309</b>	<b>528,429</b>	<b>593,593</b>	<b>2,419</b>	<b>1,164,581</b>
<b>Net book value at 31 December 2021</b>		<b>68,635</b>	<b>98,210</b>	<b>22,178</b>	<b>298</b>	<b>193,456</b>	<b>174,628</b>	<b>206</b>	<b>557,611</b>

Work-in-progress amounted to RM193,022,197 (2021: RM80,595,500) for the Bank.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****19 Right-of-use assets**

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

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Buildings	438,068	465,401	364,027	405,363
Leasehold land	7,831	8,099	7,484	7,742
Computer equipment	19,628	33,606	10,664	26,782
Motor vehicles	549	617	54	168
	<b>466,076</b>	<b>507,723</b>	<b>382,229</b>	<b>440,055</b>

Additions to the right-of-use assets and depreciation charge during the financial year for the Group and the Bank are as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Additions	73,314	135,692	47,722	103,580
Charge for the financial year:				
Buildings	152,491	168,573	125,059	142,203
Leasehold land	43	156	33	146
Computer equipment	27,401	24,879	25,024	22,954
Motor vehicles	446	381	112	111

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 Bank are as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short-term lease expenses	994	1,251	444	1,207
Low-value lease expenses	6,190	6,884	6,190	6,860
Variable lease payment expenses	61,503	31,624	60,915	30,840

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****20 Goodwill**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Cost</b>				
At 1 January	<b>5,153,999</b>	5,296,552	<b>3,559,075</b>	3,559,075
Exchange fluctuation	<b>3,591</b>	(142,553)	-	-
At 31 December	<b>5,157,590</b>	5,153,999	<b>3,559,075</b>	3,559,075
<b>Impairment</b>				
At 1 January	<b>(1,219,197)</b>	(4,000)	<b>(4,000)</b>	(4,000)
Impairment made during the financial year	-	(1,215,197)	-	-
At 31 December	<b>(1,219,197)</b>	(1,219,197)	<b>(4,000)</b>	(4,000)
<b>Net book value at 31 December</b>	<b>3,938,393</b>	3,934,802	<b>3,555,075</b>	3,555,075

**Allocation of goodwill to cash-generating units**

Goodwill has been allocated to the following CGUs. These CGUs do not carry any intangible assets with indefinite useful lives.

A segment-level summary of the goodwill allocation is presented below:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Retail Financial Services	<b>1,262,272</b>	1,262,272	<b>1,262,272</b>	1,262,272
Commercial Banking	<b>911,000</b>	911,000	<b>911,000</b>	911,000
Corporate Banking	<b>419,000</b>	419,000	<b>419,000</b>	419,000
Islamic Banking	<b>136,000</b>	136,000	-	-
Group Cards	<b>425,803</b>	425,803	<b>425,803</b>	425,803
Treasury	<b>537,000</b>	537,000	<b>537,000</b>	537,000
Foreign Banking operations	<b>198,339</b>	198,339	-	-
Goodwill	<b>3,889,414</b>	3,889,414	<b>3,555,075</b>	3,555,075
Exchange fluctuation	<b>48,979</b>	45,388	-	-
	<b>3,938,393</b>	3,934,802	<b>3,555,075</b>	3,555,075

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **20 Goodwill (Continued)**

#### **Impairment test for goodwill**

##### Value-in-use

The recoverable amount of CGUs 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 – 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%) for all cash generating units other than foreign banking operations which has used a terminal growth rate of 2.34% (2021: 2.00%). 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 rates used in determining the recoverable amount of all the CGUs is 11.29% (2021: 9.17%) and 9.95% (2021: 10.68%) for the foreign banking operations CGU. The discount rates are pre-tax and reflects the specific risks relating to the CGUs.

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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **20 Goodwill (Continued)**

#### **Impairment test for goodwill (Continued)**

##### 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 in 2021 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 ended 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 the presentative 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.

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.

## CIMB Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 20 Goodwill (Continued)

##### Impairment test for goodwill (Continued)

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

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

Key assumption	Best case	Base case	Worst case
Probability weights	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.

**Probability weighted 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.



# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 20 Goodwill (Continued)

#### Impairment test for goodwill (Continued)

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

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 previous financial year, an impairment charge of RM1,215 million arises from CIMB Thai was made.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****21 Intangible assets**

The Group 2022	Note	Computer software and			Total RM'000
		Customer relationships RM'000	Core deposits RM'000	work-in-progress RM'000	
<b>Cost</b>					
At 1 January		162,503	264,662	3,886,051	4,313,216
Additions		-	-	394,619	394,619
Disposals/write-off		-	-	(3,900)	(3,900)
Net reclassified from property, plant and equipment	18	-	-	674	674
Exchange fluctuation		-	-	26,290	26,290
<b>At 31 December</b>		<b>162,503</b>	<b>264,662</b>	<b>4,303,734</b>	<b>4,730,899</b>
<b>Amortisation</b>					
At 1 January		162,503	264,662	2,667,573	3,094,738
Amortisation during the financial year	41	-	-	446,436	446,436
Disposals/write-off		-	-	(2,782)	(2,782)
Exchange fluctuation		-	-	21,247	21,247
<b>At 31 December</b>		<b>162,503</b>	<b>264,662</b>	<b>3,132,474</b>	<b>3,559,639</b>
<b>Net book value at 31 December 2022</b>		<b>-</b>	<b>-</b>	<b>1,171,260</b>	<b>1,171,260</b>

The Group 2021	Note	Computer software and			Total RM'000
		Customer relationships RM'000	Core deposits RM'000	work-in-progress RM'000	
<b>Cost</b>					
At 1 January		162,503	264,662	3,573,952	4,001,117
Additions		-	-	407,871	407,871
Disposals/write-off		-	-	(84,746)	(84,746)
Net reclassified from property, plant and equipment	18	-	-	4,262	4,262
Exchange fluctuation		-	-	(15,288)	(15,288)
<b>At 31 December</b>		<b>162,503</b>	<b>264,662</b>	<b>3,886,051</b>	<b>4,313,216</b>
<b>Amortisation</b>					
At 1 January		162,503	264,662	2,142,911	2,570,076
Amortisation during the financial year	41	-	-	596,604	596,604
Impairment during the financial year	43	-	-	614	614
Disposals/write-off		-	-	(61,152)	(61,152)
Reclassified to property, plant and equipment	18	-	-	271	271
Exchange fluctuation		-	-	(11,675)	(11,675)
<b>At 31 December</b>		<b>162,503</b>	<b>264,662</b>	<b>2,667,573</b>	<b>3,094,738</b>
<b>Net book value at 31 December 2021</b>		<b>-</b>	<b>-</b>	<b>1,218,478</b>	<b>1,218,478</b>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****21 Intangible assets (Continued)**

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software and work-in-progress RM'000	Total RM'000
<b>The Bank</b>					
<b>2022</b>					
<b>Cost</b>					
At 1 January		153,091	263,612	3,335,155	3,751,858
Additions		-	-	338,932	338,932
Disposals/write-off		-	-	(736)	(736)
Exchange fluctuation		-	-	19,280	19,280
<b>At 31 December</b>		<b>153,091</b>	<b>263,612</b>	<b>3,692,631</b>	<b>4,109,334</b>
<b>Amortisation</b>					
At 1 January		153,091	263,612	2,294,193	2,710,896
Amortisation during the financial year	41	-	-	376,203	376,203
Disposals/write-off		-	-	(723)	(723)
Exchange fluctuation		-	-	16,463	16,463
<b>At 31 December</b>		<b>153,091</b>	<b>263,612</b>	<b>2,686,136</b>	<b>3,102,839</b>
<b>Net book value at 31 December 2022</b>		<b>-</b>	<b>-</b>	<b>1,006,495</b>	<b>1,006,495</b>

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software and work-in-progress RM'000	Total RM'000
<b>The Bank</b>					
<b>2021</b>					
<b>Cost</b>					
At 1 January		153,091	263,612	3,013,188	3,429,891
Additions		-	-	351,202	351,202
Disposals/write-off		-	-	(33,987)	(33,987)
Exchange fluctuation		-	-	4,752	4,752
<b>At 31 December</b>		<b>153,091</b>	<b>263,612</b>	<b>3,335,155</b>	<b>3,751,858</b>
<b>Amortisation</b>					
At 1 January		153,091	263,612	1,799,831	2,216,534
Amortisation during the financial year	41	-	-	511,904	511,904
Disposals/write-off		-	-	(20,674)	(20,674)
Exchange fluctuation		-	-	3,132	3,132
<b>At 31 December</b>		<b>153,091</b>	<b>263,612</b>	<b>2,294,193</b>	<b>2,710,896</b>
<b>Net book value at 31 December 2021</b>		<b>-</b>	<b>-</b>	<b>1,040,962</b>	<b>1,040,962</b>

Work-in-progress for the Group and the Bank amounted to RM408,133,554 (2021: RM407,531,723) and RM396,509,151 (2021: RM407,199,932) respectively.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **21 Intangible assets (Continued)**

The valuation of customer relationships 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 customer 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 in the form of net interest savings 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 periods of the intangible assets are as follows:

Computer software	1 month – 10 years
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During the previous financial year, 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 and RM231 million for the Group and the Bank respectively.

### **Impairment charge**

In 2021, impairment for computer software of RM614,000 was made by a subsidiary of the Bank as it no longer generate future economic benefits.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****22 Deposits from customers**

## (a) By type of deposit

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Demand deposits	89,000,516	91,821,777	69,787,834	72,247,462
Saving deposits	52,895,105	51,107,662	30,588,641	32,614,422
Fixed deposits	147,960,404	128,963,844	99,885,949	90,094,948
Negotiable instruments of deposit	648,944	517,515	-	-
Others	85,052,379	85,093,242	39,438,592	40,825,478
	<b>375,557,348</b>	<b>357,504,040</b>	<b>239,701,016</b>	<b>235,782,310</b>

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

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Due within six months	111,143,210	103,603,792	77,052,645	73,795,193
Six months to less than one year	29,986,777	24,533,354	19,282,631	15,290,665
One year to less than three years	6,547,603	1,255,476	3,506,834	925,827
Three years to less than five years	931,758	88,737	43,839	83,263
	<b>148,609,348</b>	<b>129,481,359</b>	<b>99,885,949</b>	<b>90,094,948</b>

## (b) By type of customer

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	15,005,285	12,225,838	7,950,192	7,328,649
Business enterprises	150,396,466	141,294,351	99,966,848	98,041,383
Individuals	141,861,718	132,273,633	92,466,307	87,747,869
Others	68,293,879	71,710,218	39,317,669	42,664,409
	<b>375,557,348</b>	<b>357,504,040</b>	<b>239,701,016</b>	<b>235,782,310</b>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****23 Investment accounts of customers**

	Note	The Group		The Bank	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts	57(o)	<b>13,684,632</b>	10,427,167	-	-
		<b>13,684,632</b>	10,427,167	-	-

**24 Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Licensed banks	<b>26,143,964</b>	23,494,742	<b>26,259,072</b>	22,696,577
Licensed finance companies	<b>2,619,660</b>	2,387,433	<b>13,140</b>	312,359
Licensed investment banks	<b>834,313</b>	634,369	<b>261,338</b>	246,488
Bank Negara Malaysia ("BNM")	<b>1,270,997</b>	1,452,698	<b>1,265,997</b>	1,447,698
Other financial institutions	<b>2,782,907</b>	2,034,253	<b>1,649,821</b>	1,326,914
	<b>33,651,841</b>	30,003,495	<b>29,449,368</b>	26,030,036

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

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Due within six months	<b>30,671,097</b>	26,363,287	<b>26,956,542</b>	22,629,971
Six months to less than one year	<b>984,599</b>	1,616,618	<b>739,052</b>	1,541,569
One year to less than three years	<b>695,664</b>	423,250	<b>493,125</b>	416,443
Three years to less than five years	<b>652,571</b>	158,287	<b>612,739</b>	-
Five years and more	<b>647,910</b>	1,442,053	<b>647,910</b>	1,442,053
	<b>33,651,841</b>	30,003,495	<b>29,449,368</b>	26,030,036

Included in deposits and placements by BNM are amounts received by the Group and the Bank 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****25 Financial liabilities designated at fair value through profit or loss**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	3,976,968	1,061,368	1,119,964	261,682
Debentures	655,323	-	-	-
Bills payable	2,036,603	2,224,409	-	-
	<b>6,668,894</b>	<b>3,285,777</b>	<b>1,119,964</b>	<b>261,682</b>

The Group and the Bank have issued structured investments, bills payable and debentures and have designated them at fair value in accordance with MFRS 9. The Group and the Bank have the option to designate these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank 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 of the Group and the Bank at 31 December 2022 were RM235,893,000 (2021: RM56,390,000) and RM13,215,000 (2021: RM16,401,000) 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments**

The following tables summarise the contractual 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 end of the reporting period, 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			The Bank		
	Principal	Fair values		Principal	Fair values	
2022	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	44,723,205	352,383	(1,009,774)	29,821,108	162,403	(709,288)
Currency swaps	427,322,160	7,512,861	(7,519,868)	220,828,400	3,363,300	(3,348,217)
Currency spots	3,864,885	11,901	(10,856)	3,438,069	11,627	(10,393)
Currency options	6,445,197	96,268	(88,255)	6,410,813	95,996	(88,030)
Cross currency interest rate swaps	97,404,501	3,071,463	(3,458,764)	30,038,156	1,028,018	(928,068)
	579,759,948	11,044,876	(12,087,517)	290,536,546	4,661,344	(5,083,996)
Interest rate derivatives						
Interest rate swaps	557,621,571	5,044,934	(4,276,928)	189,118,051	2,359,373	(1,875,702)
Interest rate futures	1,111,236	9,004	(1,709)	1,111,236	9,004	(1,709)
Interest rate options	363,623	6,617	(1,621)	261,856	1,621	(1,621)
	559,096,430	5,060,555	(4,280,258)	190,491,143	2,369,998	(1,879,032)
Equity related derivatives						
Equity swaps	446,653	16,891	(21,206)	446,653	16,885	(21,206)
Equity options	2,330,690	113,091	(160,164)	1,969,349	112,237	(159,514)
Equity futures	2,986	2	(20)	2,986	2	(20)
	2,780,329	129,984	(181,390)	2,418,988	129,124	(180,740)
Commodity related derivatives						
Commodity swaps	822,386	24,374	(23,182)	822,386	24,374	(23,182)
Commodity futures	93,052	2,477	(1,006)	93,052	2,477	(1,006)
Commodity options	330,903	2,956	(4,174)	330,903	2,956	(4,174)
	1,246,341	29,807	(28,362)	1,246,341	29,807	(28,362)
Credit related contract						
Credit default swaps	2,493,237	20,571	(15,135)	2,491,895	20,567	(15,075)
Total return swaps	20,200	-	(477)	20,200	-	(477)
	2,513,437	20,571	(15,612)	2,512,095	20,567	(15,552)
Bond Forward	2,781,813	299,346	(30,676)	-	-	-
<u>Hedging derivatives</u>						
Currency swaps	7,358,750	101,806	(158,669)	6,942,978	94,909	(158,669)
Cross currency interest rate swaps	3,405,249	215,887	(99,579)	888,494	-	(75,601)
Interest rate swaps	35,291,417	890,368	(385,202)	31,038,316	854,553	(381,666)
Total derivatives assets/(liabilities)	1,194,233,714	17,793,200	(17,267,265)	526,074,901	8,160,302	(7,803,618)



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)**

	The Group			The Bank		
	Principal	Fair values		Principal	Fair values	
2021	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	44,766,187	270,028	(479,064)	31,153,672	134,492	(308,736)
Currency swaps	457,414,545	5,094,015	(4,361,365)	290,068,958	3,021,608	(2,777,721)
Currency spots	3,248,469	2,391	(2,631)	2,713,213	1,843	(1,976)
Currency options	4,922,893	62,503	(85,539)	4,918,213	62,427	(85,194)
Cross currency interest rate swaps	96,136,516	2,118,007	(2,432,341)	35,525,862	841,600	(678,350)
	606,488,610	7,546,944	(7,360,940)	364,379,918	4,061,970	(3,851,977)
Interest rate derivatives						
Interest rate swaps	389,608,245	3,157,332	(2,668,142)	140,258,211	1,252,732	(1,111,791)
Interest rate futures	3,006,210	3,700	(10,764)	3,006,210	3,700	(10,764)
Interest rate options	573,385	-	(4)	573,385	-	(4)
	393,187,840	3,161,032	(2,678,910)	143,837,806	1,256,432	(1,122,559)
Equity related derivatives						
Equity swaps	318,757	4,168	(37,814)	318,757	4,168	(37,824)
Equity options	3,321,847	239,628	(91,142)	2,937,014	234,643	(85,863)
Index futures	86,994	949	(344)	86,994	949	(344)
Equity futures	6,635	25	(1)	6,635	25	(1)
	3,734,233	244,770	(129,301)	3,349,400	239,785	(124,032)
Commodity related derivatives						
Commodity swaps	845,600	46,861	(52,785)	845,756	46,706	(52,785)
Commodity futures	379,825	15,422	(6,619)	379,825	15,422	(6,619)
Commodity options	8,351,321	146,506	(153,068)	8,351,321	146,506	(153,068)
	9,576,746	208,789	(212,472)	9,576,902	208,634	(212,472)
Credit related contract						
Credit default swaps	3,564,557	47,678	(35,529)	3,559,372	47,670	(35,564)
Total return swaps	20,500	-	(1,248)	20,500	-	(1,248)
	3,585,057	47,678	(36,777)	3,579,872	47,670	(36,812)
Bond Forward	3,033,180	164,834	(115,204)	30,000	-	(3,909)
<u>Hedging derivatives</u>						
Currency swaps	4,543,475	43,058	(8,797)	4,289,134	43,058	(8,652)
Cross currency interest rate swaps	3,375,973	77,433	(33,817)	843,885	2,295	(13,264)
Interest rate swaps	29,667,170	333,317	(231,192)	27,329,573	322,013	(224,241)
Total derivatives assets/(liabilities)	1,057,192,284	11,827,855	(10,807,410)	557,216,490	6,181,857	(5,597,918)

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **26 Derivative financial instruments (Continued)**

#### **(i) Fair value hedge**

The Group and the Bank use 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 rates.

The Group and the Bank use 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 and the Bank establish 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.

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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **26 Derivative financial instruments (Continued)**

#### **(ii) Cash flows hedge**

The Group used interest rate swaps and cross currency swaps to hedge interest rate risk in respect of benchmark interest rate and foreign currency risks of loans and credit-linked notes denominated in foreign currencies. The interest rate risk and foreign currency risk component are managed and mitigated by the use of hedging instruments, which exchange floating rate payments for fixed rate payments (interest rate risk) and exchange floating rate payments for floating rate payments (foreign currency risks) in functional currency.

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

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

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

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **26 Derivative financial instruments (Continued)**

#### **(iii) Net investment hedge**

The Group and the Bank use 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 non MYR.

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

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

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

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 26 Derivative financial instruments (Continued)

The Group and the Bank uses the following items as hedging instruments:

31 December 2022	Risk	Hedge type
Interest rate swaps	Interest rate	Fair value hedge & cash flow hedge
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value hedge & cash flow hedge
Deposits and placement of bank and other financial institutions*	Foreign currency	Fair value hedge & net investment hedge
Currency swaps	Foreign currency	Cash flow hedge & net investment hedge
Deposit from customers*	Foreign currency	Net investment hedge

The Group				
Maturity				
Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
RM'000	RM'000	RM'000	RM'000	RM'000
46,061	230,001	3,767,555	23,679,124	7,524,364
-	441,210	-	2,840,933	123,106
309,621	592,686	-	-	-
846,512	3,637,487	2,874,751	-	-
-	175,620	-	-	-

\*This is fixed rate borrowing

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 26 Derivative financial instruments (Continued)

The Group and the Bank uses the following items as hedging instruments: (Continued)

			<b>The Group</b>				
			<b>Maturity</b>				
<b>31 December 2021</b>	<b>Risk</b>	<b>Hedge type</b>	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>More than 3 months to less than 1 year</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>
			<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest rate swaps	Interest rate	Fair value hedge & cash flow hedge	70,000	1,564,325	4,410,179	14,885,823	7,437,627
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value hedge & 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	1,342,924	1,642,439	-	-
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

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 26 Derivative financial instruments (Continued)

The Group and the Bank uses the following items as hedging instruments: (Continued)

			The Bank				
			Maturity				
			Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
			RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2022</b>	<b>Risk</b>	<b>Hedge type</b>					
Interest rate swaps	Interest rate	Fair value hedge	46,061	230,001	2,800,765	22,252,327	5,444,850
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value hedge & cash flow hedge	-	-	-	888,494	-
		Fair value hedge, cash flow hedge & net investment hedge	846,512	3,444,305	2,652,161	-	-
Currency swaps	Foreign currency						
Deposits and placement of bank and other financial institutions*	Foreign currency	Fair value hedge & net investment hedge	309,621	377,551	-	-	-
Deposit from customers*	Foreign currency	Net investment hedge	-	156,732	-	-	-

\*This is fixed rate borrowing

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 26 Derivative financial instruments (Continued)

The Group and the Bank uses the following items as hedging instruments: (Continued)

			The Bank				
			Maturity				
			Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
			RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2021</b>	<b>Risk</b>	<b>Hedge type</b>					
Interest rate swaps	Interest rate	Fair value hedge	70,000	1,564,325	3,666,559	14,499,178	5,730,294
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value hedge & cash flow hedge	-	-	-	843,885	-
Currency swaps	Foreign currency	Fair value hedge & net investment hedge	1,495,567	1,284,822	1,508,745	-	-
Deposit from customers*	Foreign currency	Fair value hedge & net investment hedge	-	104,238	423,913	-	-
Bonds and debentures	Foreign currency	Net investment hedge	-	1,250,850	-	-	-
Deposits and placement of bank and other financial institutions*	Foreign currency	Net investment hedge	-	10,699	-	-	-

\*This is fixed rate borrowing



# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 26 Derivative financial instruments (Continued)

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:

	The Group	
	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	4.354	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:

	The Group	
	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	1.84%	1.49%
AUD interest rates	3.22%	-
EUR interest rates	0.28%	-
JPY interest rates	0.07%	-
NZD interest rates	4.41%	-
THB interest rates	2.33%	2.54%

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 26 Derivative financial instruments (Continued)

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:

	<b>The Bank</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
HKD:MYR	<b>0.536</b>	0.536
GBP:MYR	<b>5.130</b>	5.808
SGD:MYR	<b>3.173</b>	3.120
USD:MYR	<b>4.320</b>	4.219

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

	<b>The Bank</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
HKD interest rates	<b>0.92%</b>	0.92%
MYR interest rates	<b>3.52%</b>	3.48%
SGD interest rates	<b>1.27%</b>	1.27%
USD interest rates	<b>1.84%</b>	1.49%
AUD interest rates	<b>3.22%</b>	-
EUR interest rates	<b>0.28%</b>	-
JPY interest rates	<b>0.07%</b>	-
NZD interest rates	<b>4.41%</b>	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)**

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

			The Group							
			Fair values*		Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss**	Changes in fair value recognised in other comprehensive income	Amount reclassified from hedge reserve to profit or loss***	Nominal amount directly impacted by IBOR reform	
			Assets	Liabilities						
31 December 2022	Risk	Hedge type	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Interest rate swaps	Interest rate	Fair value hedge & cash flow hedge	35,247,105	890,368	(385,202)	318,597	30,931	2,297	63	20,674,684
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value hedge & 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 hedge & net investment hedge	902,307	-	-	(22,141)	-	26,833	-	-
Currency swaps	Foreign currency	Cash flow hedge & 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 RM20,674,684,000 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 and 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;

RM331,005,000 related to USD interest rate swaps and RM119,861,000 will mature before the anticipated USD LIBOR 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 cross currency interest rate swaps and RM441,210,000 will mature before the anticipated USD LIBOR replacement in 2023.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)**

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

			The Group							
31 December 2021	Risk	Hedge type	Fair values*		Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss**	Changes in fair value recognised in other comprehensive income	Amount reclassified from hedge reserve to profit or loss***	Nominal amount directly impacted by IBOR reform	
			Assets	Liabilities						
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Interest rate swaps	Interest rate	Fair value hedge & cash flow hedge	28,367,954	335,654	(222,498)	152,598	3,579	(3,878)	-	24,383,563
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value hedge & 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	4,543,475	43,943	(8,797)	(81,050)	-	81,049	-	-
Deposits and placement of bank and other financial institutions	Foreign currency	Net investment hedge	14,868	-	-	(1,262)	-	1,262	-	-
Deposit from customers	Foreign currency	Net investment hedge	603,201	-	-	(51,346)	-	51,346	-	-

Of the RM24,383,563,000 nominal amount of interest rates 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;  
 RM3,492,963,000 related to USD interest rate swaps and RM1,576,071,000 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.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)**

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

			The Bank						
		Hedge type	Fair values*		Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss**	Changes in fair value recognised in other comprehensive income	Amount reclassified from hedge reserve to profit or loss***	Nominal amount directly impacted by IBOR reform
			Assets	Liabilities					
31 December 2022	Risk		Nominal amount						
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest rate swaps	Interest rate	Fair value hedge	30,774,004	854,553	(381,666)	321,004	22,419	-	21,556,970
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value hedge & cash flow hedge	888,494	-	(75,601)	(58,010)	(401)	1,810	888,494
		Fair value hedge, cash flow hedge & net investment hedge							
Currency swaps	Foreign currency		6,942,978	94,909	(158,669)	(211,520)	-	229,130	(3,674)
Deposits and placement of bank and other financial institutions	Foreign currency	Fair value hedge & net investment hedge	687,172	-	-	(13,499)	-	18,191	-
Bonds and debentures	Foreign currency	Net investment hedge	-	-	-	(11,475)	-	11,475	-
Deposit from customers	Foreign currency	Net investment hedge	156,732	-	-	(2,532)	-	2,532	-

Of the RM21,556,970,000 nominal amount of interest rates swaps above, RM20,489,200,000 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; RM383,291,000 related to USD interest rate swaps and RM119,861,000 will mature before the anticipated USD LIBOR replacement in 2023.

Of the RM888,494,000 nominal amount of HKD cross currency interest rate swaps above, RM Nil will mature before the anticipated USD LIBOR replacement in 2023.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)**

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

			The Bank						
		Hedge type	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 other comprehensive income RM'000	Amount reclassified from hedge reserve to profit or loss*** RM'000	Nominal amount directly impacted by IBOR reform RM'000
			Nominal amount RM'000	Assets RM'000					
<b>31 December 2021</b>	<b>Risk</b>								
Interest rate swaps	Interest rate	Fair value hedge	25,530,356	322,014	(224,240)	141,190	1,432	-	23,435,812
Cross currency interest rate swaps	Interest rate & foreign currency	Fair value hedge & cash flow hedge	843,885	2,295	(13,264)	(17,534)	1,848	(13,686)	4,122
Currency swaps	Foreign currency	Fair value hedge & net investment hedge	4,289,134	43,058	(8,652)	(77,111)	-	78,505	-
Deposit from customers	Foreign currency	Fair value hedge & net investment hedge	528,151	-	-	(23,681)	-	33,650	-
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	-
Deposits and placement of bank and other financial institutions	Foreign currency	Net investment hedge	10,699	-	-	(850)	-	850	-

Of the RM23,435,812,000 nominal amount of interest rates swaps above, RM19,056,638,000 related to MYR interest rate swaps and RM3,636,038,000 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; RM3,427,350,000 related to USD interest rate swaps and RM1,576,071,000 will mature before the anticipated USD LIBOR replacement in 2022.

Of the RM843,885,000 nominal amount of HKD cross currency interest rate swaps above, RM Nil will mature before the anticipated USD LIBOR replacement in 2022.

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 26 Derivative financial instruments (Continued)

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

\*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

\*\*All hedge ineffectiveness and reclassification recognised in the 'Net non-interest income' in the statement of income.

\*\*All hedge ineffectiveness and reclassification from the 'Hedge reserve' to profit or loss are recognised in the 'Net non interest income' in the statement of income.

Effect of IBOR Reform - significant assumption [IFRS7 para 24H(d)]

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 has assumed that pre-existing fallback provisions in the loans and bonds do not apply to IBOR reform;
- 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 fixed rate loans and fixed rate bonds are anticipated

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)**

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

									The Group									
			Carrying amount	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	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 (DR)/CR	Balance remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied	Assets		Liabilities							
									RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>31 December 2022</b>																		
<b>Hedged items</b>	<b>Risk</b>	<b>Hedge type</b>																
Loans, advances and financing	Interest rate & foreign currency	Fair value hedge & cash flow hedge	2,003,958	-	35	(99,942)	(26,696)	24	(19,286)									
Bonds and debentures	Interest rate & foreign currency	Fair value hedge & cash flow hedge	2,696,836	(5,374,538)	258,226	(13,833)	321,162	-	3,156									
Subordinated obligations	Interest rate	Fair value hedge & cash flow hedge	-	(7,995,877)	109,184	(68)	115,442	-	3,887									
Other liabilities	Interest rate	Fair value hedge	-	(819,009)	3,686	(8)	3,794	-	-									
Debt instruments at fair value through other comprehensive income	Interest rate	Fair value hedge	18,384,355	-	53,531	(667,138)	(685,405)	66	-									
Debt instruments at amortised cost	Interest rate	Fair value hedge	103,985	-	-	(4,975)	(4,091)	-	-									
Recourse obligation on loans and financing sold to Cagamas	Interest rate	Fair value hedge	-	(489,977)	-	(12,546)	26,259	-	-									
GBP net investment	Foreign currency	Net investment hedge	-	-	-	-	(7,151)	-	2,814									
HKD net investment	Foreign currency	Net investment hedge	-	-	-	-	-	-	(28,022)									(28,022)
SGD net investment	Foreign currency	Net investment hedge	-	-	-	-	130,275	-	(348,737)									
USD net investment	Foreign currency	Net investment hedge	-	-	-	-	171,942	-	(1,226,173)									(467,272)
Deposits and placement of bank and other financial institutions	Foreign currency	Cash flow hedge	-	-	-	-	(5,727)	-	-									
Bills and acceptances payable	Foreign currency	Cash flow hedge	-	(479,236)	-	-	(3,908)	-	6,956									



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 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 (DR)/CR	Balance remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied			
									Assets		Liabilities
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>31 December 2021</b>											
<b>Hedged items</b>	<b>Risk</b>	<b>Hedge type</b>									
Loans, advances and financing	Interest rate & foreign currency	Fair value hedge & cash flow hedge	1,334,060	-	1,654	(26,434)	(36,970)	33	(15,729)		
Bonds and debentures	Interest rate	Fair value hedge & cash flow hedge	-	(6,032,595)	17,504	(92,203)	148,255	97	10,706		
Subordinated obligations	Interest rate	Fair value hedge & cash flow hedge	-	(6,505,052)	18,566	(26,313)	66,530	-	5,230		
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	-	-		
Debt instruments at fair value through other comprehensive income	Interest rate	Fair value hedge	15,119,702	-	171,405	(109,966)	(361,091)	2,753	-		
Debt instruments at amortised cost	Interest rate	Fair value hedge	50,963	-	-	(111)	(111)	-	-		
GBP net investment	Foreign currency	Net investment hedge	-	-	-	-	3,811	-	4,337		
HKD net investment	Foreign currency	Net investment hedge	-	-	-	-	2,517	-	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		

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)**

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

			The Bank							
			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 (DR)/CR	Balance remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2022</b>										
<b>Hedged items</b>	<b>Risk</b>	<b>Hedge type</b>								
Loans, advances and financing	Interest rate & foreign currency	Fair value hedge & cash flow hedge	1,636,181	-	35	(98,110)	(21,386)	24	(13,931)	-
Bonds and debentures	Interest rate & foreign currency	Fair value hedge & cash flow hedge	-	(4,915,270)	258,226	(13,162)	308,072	-	(3,194)	-
Recourse obligation on loans and financing sold to Cagamas	Interest rate	Fair value hedge	-	(489,977)	-	(12,546)	26,259	-	-	-
Subordinated obligations	Interest rate	Fair value hedge	-	(6,402,118)	109,184	(68)	116,862	-	-	-
Other liabilities	Interest rate	Fair value hedge	-	(1,278,277)	3,686	(679)	14,557	-	-	-
Debt instruments at fair value through other comprehensive income	Interest rate	Fair value hedge	15,054,381	-	44,887	(652,176)	(681,249)	66	-	-
Debt instruments at amortised cost	Interest rate	Fair value hedge	103,985	-	-	(4,975)	(4,091)	-	-	-
Investment in subsidiary	Foreign currency	Fair value hedge	283,309	-	44,864	-	(16,575)	-	-	-
GBP net investment	Foreign currency	Net investment hedge	-	-	-	-	(7,151)	-	2,814	-
HKD net investment	Foreign currency	Net investment hedge	-	-	-	-	-	-	(28,022)	(28,022)
SGD net investment	Foreign currency	Net investment hedge	-	-	-	-	130,275	-	(348,737)	-
USD net investment	Foreign currency	Net investment hedge	-	-	-	-	138,204	-	(713,226)	(25,320)
Deposits and placement of bank and other financial institutions	Foreign currency	Cash flow hedge	-	-	-	-	(5,727)	-	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)**

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

			The Bank						
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 (DR)/CR	Balance remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied	
									Assets
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2021</b>									
<b>Hedged items</b>	<b>Risk</b>	<b>Hedge type</b>							
Loans, advances and financing	Interest rate & foreign currency	Fair value hedge & cash flow hedge	1,266,560	-	89	(26,434)	(28,264)	33	(18,934)
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	-	-
Other borrowing	Interest rate	Fair value hedge	-	(544,463)	-	(11,434)	14,762	-	-
Bonds and debentures	Interest rate	Fair value hedge	-	(5,488,132)	17,504	(80,769)	133,767	97	-
Subordinated obligations	Interest rate	Fair value hedge	-	(6,505,052)	18,566	(26,313)	80,689	-	-
Debt instruments at fair value through other comprehensive income	Interest rate	Fair value hedge	12,721,207	-	170,885	(108,184)	(357,983)	2,753	-
Debt instruments at amortised cost	Interest rate	Fair value hedge	50,963	-	-	(111)	(111)	-	-
Investment in subsidiary	Foreign currency	Fair value hedge	266,734	-	28,289	-	(11,363)	-	-
GBP net investment	Foreign currency	Net investment hedge	-	-	-	-	3,811	-	4,337
HKD net investment	Foreign currency	Net investment hedge	-	-	-	-	2,517	-	28,022
SGD net investment	Foreign currency	Net investment hedge	-	-	-	-	20,316	-	218,462
USD net investment	Foreign currency	Net investment hedge	-	-	-	-	132,787	-	25,320

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)****(iv) Reconciliation of components of equity**

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

	<b>The Group</b>	
	<b>Cash flow hedge reserve</b>	<b>Net investment hedge reserve</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2022</b>	<b>8,487</b>	<b>(1,155,904)</b>
Effective portion of changes in fair value		
-Interest rate	2,297	-
-Interest rate/foreign currency risk	(3,758)	-
Net loss on hedge of net investment in foreign operations	-	(295,066)
Cost of hedging	447	19,674
Income tax effects	1,629	-
Exchange fluctuation	144	-
<b>At 31 December 2022</b>	<b>9,246</b>	<b>(1,431,296)</b>

	<b>The Group</b>	
	<b>Cash flow hedge reserve</b>	<b>Net investment hedge reserve</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2021</b>	<b>6,683</b>	<b>(1,016,908)</b>
Effective portion of changes in fair value		
-Interest rate	(3,878)	-
-Interest rate/foreign currency risk	(10,816)	-
Net amount reclassified to profit or loss	(3,891)	-
Net loss on hedge of net investment in foreign operations	-	(180,083)
Cost of hedging	22,890	41,087
Income tax effects	(983)	-
Exchange fluctuation	(1,518)	-
<b>At 31 December 2021</b>	<b>8,487</b>	<b>(1,155,904)</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Derivative financial instruments (Continued)****(iv) Reconciliation of components of equity (Continued)**

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

<b>The Bank</b>	
<b>Cash flow hedge reserve</b>	<b>Net investment hedge reserve</b>
<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2022</b>	
Effective portion of changes in fair value	
-Interest rate/foreign currency risk	
1,810	
Net loss on hedge of net investment in foreign operations	(261,328)
Cost of hedging	20,611
Income tax effects	-
973	-
<b>At 31 December 2022</b>	<b>(926,079)</b>
<b>3,380</b>	<b>(926,079)</b>

<b>The Bank</b>	
<b>Cash flow hedge reserve</b>	<b>Net investment hedge reserve</b>
<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2021</b>	
Effective portion of changes in fair value	
-Interest rate/foreign currency risk	
(9,565)	-
Net amount reclassified to profit or loss	-
(3,891)	-
Net loss on hedge of net investment in foreign operations	(159,431)
Cost of hedging	38,970
Income tax effects	-
(2,226)	-
<b>At 31 December 2021</b>	<b>(685,362)</b>
<b>150</b>	<b>(685,362)</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Other liabilities**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Due to brokers		6,172	24,579	6,172	24,579
Post employment benefit obligations	(a)	238,191	246,496	45,131	41,157
Sundry creditors		750,301	582,892	663,297	493,736
Expenditure payable		2,028,944	1,812,399	1,713,853	1,598,201
Expected credit losses for loan commitments and financial guarantee contracts	(b)	623,302	641,049	483,101	413,470
Provision for legal claims		51,355	51,384	34,516	36,033
Credit card expenditure payable		59,599	90,663	58,793	89,359
Collateral received for derivative transactions		6,186,788	3,028,037	2,664,253	1,206,120
Structured deposits		4,918,778	3,221,604	4,897,678	3,192,771
Treasury related payables		1,726,015	1,171,325	492,296	762,206
Settlement accounts		794,621	139,429	553,294	97,489
Others		1,058,522	465,437	700,153	217,293
		<b>18,442,588</b>	<b>11,475,294</b>	<b>12,312,537</b>	<b>8,172,414</b>

**(a) Post employment benefit obligations**

		The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Defined contribution plan – Employer Provident Fund ("EPF")	(i)	46,684	42,459	45,131	41,157
Defined benefit plans	(ii)	191,507	204,037	-	-
		<b>238,191</b>	<b>246,496</b>	<b>45,131</b>	<b>41,157</b>

**(i) Defined contribution plan**

Group companies incorporated in Malaysia contribute to the EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Other liabilities (Continued)****(a) Post employment benefit obligations (Continued)****(ii) Defined benefit plans**

CIMB Thai Bank operates final salary defined benefit plans for employees. The latest actuarial valuation of the plans for CIMB Thai Bank was carried out as at 31 December 2022.

The amounts recognised in the statements of financial position in respect of defined benefit plans are determined as follows:

	<b>The Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Present value of unfunded obligations	<b>191,507</b>	204,037
Liability	<b>191,507</b>	204,037

The amount recognised in the statements of income and statements of comprehensive income in respect of defined benefit plans are as follows:

	<b>The Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Service cost:		
Current service costs	<b>16,043</b>	20,310
Past service costs and gain from settlements	<b>(2,497)</b>	(91)
Net interest expense	<b>4,314</b>	3,829
Others	<b>(574)</b>	-
Components of defined benefits costs recognised in statements of income	<b>17,286</b>	24,048
Remeasurement:		
- Actuarial gain:		
- from changes in financial assumptions	<b>(15,856)</b>	(28,522)
- Experience adjustments	<b>(4,490)</b>	530
Components of defined benefits costs recognised in statements of comprehensive income	<b>(20,346)</b>	(27,992)
	<b>(3,060)</b>	(3,944)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Other liabilities (Continued)****(a) Post employment benefit obligations (Continued)****(ii) Defined benefit plans (Continued)**

Movements in the defined benefit obligation over the financial year are as follows:

	<b>The Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
At 1 January	<b>204,037</b>	242,133
Current services costs	<b>16,043</b>	20,310
Past service costs and gain from settlements	<b>(2,497)</b>	(91)
Interest costs	<b>4,314</b>	3,829
Others	<b>(574)</b>	-
	<b>221,323</b>	266,181
Remeasurement:		
- Actuarial gain:		
- from changes in financial assumptions	<b>(15,856)</b>	(28,522)
- Experience adjustments	<b>(4,490)</b>	530
	<b>(20,346)</b>	(27,992)
Exchange fluctuation	<b>2,807</b>	(15,049)
Benefits paid	<b>(12,277)</b>	(19,103)
At 31 December	<b>191,507</b>	204,037



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Other liabilities (Continued)****(a) Post employment benefit obligations (Continued)****(ii) Defined benefit plans (Continued)**

The principal actuarial assumptions used in respect of the Group's defined benefit plans were as follows:

	<b>The Group</b>	
	<b>2022</b>	2021
	%	%
Discount rates	<b>3.60</b>	2.40
Future salary increases	<b>5.00</b>	5.00
Rate of price inflation - other fixed allowance	<b>2.00</b>	1.60

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

	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
<b>2022</b>			
Discount rates	0.5%	Decreased by 3.21%	Increased by 3.42%
Future salary increases	1.0%	Increased by 7.47%	Decreased by 6.71%
<b>2021</b>			
Discount rates	0.5%	Decreased by 3.63%	Increased by 3.87%
Future salary increases	1.0%	Increased by 8.35%	Decreased by 7.44%

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 methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

The expected contribution to post-employment benefits plan for the financial year ended 31 December 2022 to the Group is RM20,175,000 (2021: RM17,881,000).

The weighted average duration of the defined benefit obligation of the Group is 8.31 years (2021: 9.64 years).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Other liabilities (Continued)****(b) Expected credit losses for loan commitments and financial guarantee contracts**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

<b>The Group</b>	<b>12-month expected credit losses (Stage 1)</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2)</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2022</b>	<b>308,877</b>	<b>144,995</b>	<b>187,177</b>	<b>641,049</b>
Changes in expected credit losses due to transferred within stages:	<b>79,820</b>	<b>(94,718)</b>	<b>14,898</b>	<b>-</b>
Transferred to Stage 1	<b>99,222</b>	<b>(92,892)</b>	<b>(6,330)</b>	<b>-</b>
Transferred to Stage 2	<b>(19,215)</b>	<b>39,376</b>	<b>(20,161)</b>	<b>-</b>
Transferred to Stage 3	<b>(187)</b>	<b>(41,202)</b>	<b>41,389</b>	<b>-</b>
<b>Total charge to Statement of Income:</b>	<b>(190,444)</b>	<b>72,952</b>	<b>87,832</b>	<b>(29,660)</b>
New exposures	<b>250,049</b>	<b>4,138</b>	<b>2,255</b>	<b>256,442</b>
Exposures derecognised or matured	<b>(134,939)</b>	<b>(28,064)</b>	<b>(38,978)</b>	<b>(201,981)</b>
Change in credit risk	<b>(305,554)</b>	<b>96,878</b>	<b>124,555</b>	<b>(84,121)</b>
Exchange fluctuation	<b>4,212</b>	<b>363</b>	<b>1,115</b>	<b>5,690</b>
Other movements	<b>406</b>	<b>95</b>	<b>5,722</b>	<b>6,223</b>
<b>At 31 December 2022</b>	<b>202,871</b>	<b>123,687</b>	<b>296,744</b>	<b>623,302</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Other liabilities (Continued)****(b) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows (Continued):

<b>The Group</b>	<b>12-month expected</b>	<b>Lifetime expected credit</b>	<b>Lifetime expected credit</b>	<b>Total</b>
	<b>credit losses (Stage 1)</b>	<b>losses - not credit impaired (Stage 2)</b>	<b>losses - Credit impaired (Stage 3)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2021</b>	279,950	120,942	160,195	561,087
Changes in expected credit losses due to transferred within stages:	124,061	(132,179)	8,118	-
Transferred to Stage 1	169,366	(149,523)	(19,843)	-
Transferred to Stage 2	(44,925)	74,659	(29,734)	-
Transferred to Stage 3	(380)	(57,315)	57,695	-
<b>Total charge to Statement of Income:</b>	(104,578)	155,550	25,577	76,549
New exposures	213,117	3,603	931	217,651
Exposures derecognised or matured	(132,956)	(22,799)	(6,957)	(162,712)
Change in credit risk	(184,739)	174,746	31,603	21,610
Exchange fluctuation	(151)	(43)	(6,546)	(6,740)
Other movements	9,595	725	(167)	10,153
<b>At 31 December 2021</b>	<b>308,877</b>	<b>144,995</b>	<b>187,177</b>	<b>641,049</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Other liabilities (Continued)****(b) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows (Continued):

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2022</b>	<b>229,474</b>	<b>102,855</b>	<b>81,141</b>	<b>413,470</b>
Changes in expected credit losses due to transferred within stages:	<b>65,046</b>	<b>(74,646)</b>	<b>9,600</b>	<b>-</b>
Transferred to Stage 1	<b>81,433</b>	<b>(75,706)</b>	<b>(5,727)</b>	<b>-</b>
Transferred to Stage 2	<b>(16,259)</b>	<b>34,576</b>	<b>(18,317)</b>	<b>-</b>
Transferred to Stage 3	<b>(128)</b>	<b>(33,516)</b>	<b>33,644</b>	<b>-</b>
<b>Total charge to Statement of Income:</b>	<b>(139,302)</b>	<b>79,763</b>	<b>118,983</b>	<b>59,444</b>
New exposures	<b>168,199</b>	<b>3,962</b>	<b>180</b>	<b>172,341</b>
Exposures derecognised or matured	<b>(98,326)</b>	<b>(16,519)</b>	<b>-</b>	<b>(114,845)</b>
Change in credit risk	<b>(209,175)</b>	<b>92,320</b>	<b>118,803</b>	<b>1,948</b>
Exchange fluctuation	<b>3,889</b>	<b>167</b>	<b>-</b>	<b>4,056</b>
Other movements	<b>443</b>	<b>(28)</b>	<b>5,716</b>	<b>6,131</b>
<b>At 31 December 2022</b>	<b>159,550</b>	<b>108,111</b>	<b>215,440</b>	<b>483,101</b>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Other liabilities (Continued)****(b) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows (Continued):

<b>The Bank</b>	<b>12-month expected</b>	<b>Lifetime expected credit</b>	<b>Lifetime expected credit</b>	<b>Total</b>
	<b>credit losses</b>	<b>losses - not credit</b>	<b>losses - Credit impaired</b>	
	<b>(Stage 1)</b>	<b>(Stage 2)</b>	<b>(Stage 3)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2021</b>	210,701	97,031	62,416	370,148
Changes in expected credit losses due to transferred within stages:	91,774	(104,879)	13,105	-
Transferred to Stage 1	131,617	(115,775)	(15,842)	-
Transferred to Stage 2	(39,595)	64,331	(24,736)	-
Transferred to Stage 3	(248)	(53,435)	53,683	-
<b>Total charge to Statement of Income:</b>	(82,999)	109,937	5,798	32,736
New exposures	141,207	3,250	127	144,584
Exposures derecognised or matured	(93,813)	(14,350)	-	(108,163)
Change in credit risk	(130,393)	121,037	5,671	(3,685)
Exchange fluctuation	948	69	-	1,017
Other movements	9,050	697	(178)	9,569
<b>At 31 December 2021</b>	<b>229,474</b>	<b>102,855</b>	<b>81,141</b>	<b>413,470</b>

As at 31 December 2022, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM481,043,000 (2021: RM460,496,000) and RM408,635,000 (2021: RM401,713,000) respectively.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****28 Lease liabilities**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Buildings	<b>448,483</b>	498,622	<b>391,782</b>	441,414
Computer equipments	<b>36,632</b>	36,713	<b>5,990</b>	24,620
Motor vehicles	<b>563</b>	636	<b>66</b>	183
	<b><u>485,678</u></b>	<u>535,971</u>	<b><u>397,838</u></b>	<u>466,217</u>

**29 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 Bank and its wholly-owned subsidiary, CIMB Islamic Bank Berhad. Under these agreements, the Bank and its subsidiary undertake 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.

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(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****30 Bonds, Sukuk and debentures**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Structured debentures	(a)	202,429	525,512	-	-
Short term debentures	(a)	144,814	880,408	-	-
USD15 million notes (2017/2022)	(b)	-	62,591	-	62,591
USD500 million notes (2017/2022)	(c)	-	2,104,779	-	2,104,779
Merdeka Kapital Berhad Medium Term Note	(d)	458,597	533,029	-	-
RM1.0 billion notes (2017/2022)	(e)	-	1,005,304	-	1,005,304
RM1.2 billion notes (2017/2024)	(e)	1,206,201	1,206,655	1,206,201	1,206,655
RM800 million notes (2017/2027)	(e)	804,224	804,532	804,224	804,532
USD88 million notes (2019/2024)	(f)	387,144	367,046	387,144	367,046
USD30 million notes (2019/2024)	(g)	133,072	125,335	133,072	125,335
HKD200 million notes (2019/2024)	(h)	107,454	107,391	107,454	107,391
USD20 million notes (2019/2024)	(i)	88,436	83,396	88,436	83,396
USD680 million notes (2019/2024)	(j)	3,017,425	2,841,009	3,017,425	2,841,009
USD40 million notes (2019/2022)	(k)	-	166,940	-	166,940
USD20 million notes (2021/2026)	(l)	88,068	83,634	88,068	83,634
HKD610 million notes (2021/2024)	(m)	324,542	324,442	324,542	324,442
USD20 million notes (2021/2026)	(n)	88,350	83,903	88,350	83,903
HKD640 million notes (2021/2026)	(o)	349,623	349,437	349,623	349,437
HKD128 million notes (2021/2026)	(p)	70,138	70,127	70,138	70,127
USD500 million notes (2022/2027)	(q)	2,210,085	-	2,210,085	-
		<b>9,680,602</b>	11,725,470	<b>8,874,762</b>	9,786,521
Fair value changes arising from fair value hedges		(244,393)	74,699	(245,064)	63,265
		<b>9,436,209</b>	11,800,169	<b>8,629,698</b>	9,849,786

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **30 Bonds, Sukuk and debentures (Continued)**

#### **(a) Structured debentures and short term debentures**

- i. CIMB Thai 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.

During the financial year, CIMB Thai Bank has redeemed unsecured short term debentures amounted to THB9.1 billion.

- ii. CIMB Thai 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.

During the financial year, CIMB Thai Bank has redeemed unsecured short term debentures amounted to THB27.5 billion.

#### **(b) USD15 million notes**

On 8 March 2017, the Bank issued USD15 million 5-year senior floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 8 March 2022 (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, the Bank redeemed its USD15 million 5-year senior floating rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

#### **(c) USD500 million notes**

On 15 March 2017, the Bank issued USD500 million 5-year senior fixed rate notes (“the FXD Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes will mature on 15 March 2022 (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.

The Bank has undertaken fair value hedge on the interest rate risk of the USD500 million notes using interest rate swaps.

On 15 March 2022, the Bank redeemed its USD500 million 5-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.



## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(d) Merdeka Kapital Berhad Medium Term Note**

On 31 March 2017, MKB, a special purpose vehicle consolidated by the 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).

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

##### **(e) RM1.0 billion notes, RM1.2 billion notes and RM800 million notes**

On 18 May 2017, the Bank issued RM1.0 billion 5-year senior medium term notes (“the MTN”), RM1.2 billion 7-year MTN and RM800 million 10-year MTN under its senior medium term notes programme of RM20.0 billion. The MTN 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.

The Bank has undertaken fair value hedge on the interest rate of the RM3.0 billion notes using interest rate swaps.

On 18 May 2022, the Bank redeemed its RM1 billion 5-year senior medium term notes issued under its RM20 billion Senior Medium Term Note Programme.

##### **(f) USD88 million notes**

On 19 March 2019, the 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-months LIBOR + 0.85% per annum payable quarterly, will mature on 19 March 2024.

##### **(g) USD30 million notes**

On 15 April 2019, the 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-months 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).

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(h) HKD200 million notes**

On 12 July 2019, the Bank issued HKD200 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 2.35% per annum payable annually in arrears, will mature on 12 July 2024.

##### **(i) USD20 million notes**

On 8 August 2019, the 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-months LIBOR + 0.73% per annum payable quarterly, will mature on 8 August 2024.

##### **(j) USD680 million notes**

On 9 October 2019, the 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-months LIBOR + 0.78% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 9 October 2024.

##### **(k) USD40 million bonds**

On 15 November 2019, the 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, which bear a coupon rate of USD 3-month LIBOR + 0.58% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 15 November 2022.

On 15 November 2022, the 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.

##### **(l) USD20 million 5-year fixed rate notes**

On 27 April 2021, the Bank issued USD20.0 million 5-year fixed rate notes under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.60% per annum payable semi-annually, will mature on 27 April 2026 (subject to adjustment in accordance with the modified following business day convention).

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **30 Bonds, Sukuk and debentures (Continued)**

#### **(m) HKD610 million 3-year fixed rate notes**

On 5 May 2021, the 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).

#### **(n) USD20 million notes**

On 21 July 2021, the 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).

#### **(o) HKD640 million notes**

On 27 July 2021, the 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).

#### **(p) HKD128 million notes**

On 4 August 2021, the 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).

#### **(q) USD500 million notes**

On 20 January 2022, the 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.

The Bank has undertaken fair value hedge on the interest rate risk of the USD500 million notes using interest rate swaps.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****31 Other borrowings**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Term loans	<b>3,340,333</b>	2,822,811	<b>3,244,898</b>	2,713,798

These unsecured loans were undertaken by the Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 26 January 2023 being the earliest to mature and 2 July 2029 being the latest to mature. Interest rates charged are between 2.00% to 7.80% per annum (2021: 26 August 2022 to 4 November 2022, 0.80% to 1.09% per annum).

**32 Subordinated obligations**

	Note	The Group		The Bank	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		RM'000	RM'000	RM'000	RM'000
Subordinated Debts 2017/2027 RM1.5 billion	(a)	-	1,506,444	-	1,506,444
Subordinated Debts 2018/2028 RM700 million	(b)	<b>708,924</b>	708,924	<b>708,924</b>	708,924
Subordinated Notes 2018/2028 RM390 million	(c)	<b>89,664</b>	93,057	-	-
Subordinated Debts 2018/2029 RM1.2 billion	(d)	<b>1,217,648</b>	1,217,648	<b>1,217,648</b>	1,217,648
Additional Tier I Securities RM1.0 billion	(e)	<b>1,010,060</b>	1,010,060	<b>1,010,060</b>	1,010,060
Subordinated Notes 2019/2029 RM550 million	(f)	<b>99,824</b>	104,641	-	-
Subordinated Debts 2019/2029 RM800 million	(g)	<b>803,122</b>	803,122	<b>803,122</b>	803,122
Subordinated Debts 2020/2030 RM2.45 billion	(h)	<b>2,460,149</b>	2,460,571	<b>2,460,149</b>	2,460,571
Additional Tier I Securities RM550 million and RM200 million	(i)	<b>752,056</b>	752,209	<b>752,056</b>	752,209
Subordinated Debts 2020/2030 RM50 million	(j)	<b>50,039</b>	50,039	<b>50,039</b>	50,039
Subordinated Debts 2021/2031 RM660 million	(k)	<b>262,136</b>	267,955	-	-
Sustainability Sukuk Wakalah 2021/2031 RM100 million	(l)	<b>100,031</b>	100,031	<b>100,031</b>	100,031
Sustainability Sukuk Wakalah 2022/2032 RM1.5 billion	(m)	<b>1,520,795</b>	-	<b>1,520,795</b>	-
Sustainability Sukuk Wakalah 2022/2032 RM1.0 billion	(n)	<b>1,004,068</b>	-	<b>1,004,068</b>	-
		<b>10,078,516</b>	9,074,701	<b>9,626,892</b>	8,609,048
Fair value changes arising from fair value hedges		<b>(109,116)</b>	7,747	<b>(109,116)</b>	7,747
		<b>9,969,400</b>	9,082,448	<b>9,517,776</b>	8,616,795

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **32 Subordinated obligations (Continued)**

#### **(a) Subordinated debts 2017/2027 RM1.5 billion**

On 30 November 2017, the Bank completed the fifth issuance of a RM1.5 billion subordinated debts under the Basel III subordinated debt programme. The subordinated debt was issued as a single tranche of RM1.5 billion at 4.90% per annum with a maturity of 10 years non-callable 5 years.

Redemption of the subordinated debts on the call dates shall be subject to BNM's approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM1.5 billion subordinated debt qualifies as Tier 2 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 Bank 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 Bank redeemed its existing RM1.5 billion Tier 2 Subordinated Debt issued under Basel III subordinated debt programme on the first call date.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **32 Subordinated obligations (Continued)**

#### **(b) Subordinated debts 2018/2028 RM700 million**

On 29 March 2018, the Bank issued RM700 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.95% per annum. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

#### **(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 2 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 2 capital according to the correspondence For Kor Kor. 221/ 2561.

Included in the RM390 million Notes is RM304 million (2021: RM304 million) which was held by the Bank, hence the amount was eliminated at consolidated level.

#### **(d) Subordinated debt 2018/2029 RM1.2 billion**

On 13 September 2018, the Bank issued RM1.2 billion 11 years non-callable 6 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.88% per annum. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **32 Subordinated obligations (Continued)**

#### **(e) Additional Tier 1 Securities RM1.0 billion**

On 23 October 2018, the Bank issued RM1.0 billion perpetual subordinated capital securities (“Additional Tier 1 Securities”). The securities, which qualify as Additional Tier 1 Capital for the Bank, carry a distribution rate of 5.40% per annum. The Additional Tier 1 Securities is perpetual, with an 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 the BNM.

#### **(f) Subordinated notes 2019/2029 RM550 million**

On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier 2 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.

Included in the RM550 million subordinated notes is RM459 million (2021: RM459 million) which was held by the Bank, hence the amount was eliminated at consolidated level.

#### **(g) Subordinated debts 2019/2029 RM800 million**

On 25 November 2019, the Bank issued RM800 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group bearing a fixed rate coupon of 3.85% p.a., payable every six months. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

#### **(h) Subordinated debts 2020/2030 RM2.45 billion**

On 12 November 2020, the Bank issued RM2.45 billion 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group bearing a fixed rate coupon of 3.15% p.a., payable on a semi-annual basis. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **32 Subordinated obligations (Continued)**

##### **(i) Additional Tier 1 Securities RM550 million and RM200 million**

On 3 December 2020, the Bank issued RM550 million perpetual non-callable 5 years Additional Tier 1 Capital Securities and RM200 million perpetual non-callable 10 years Additional Tier 1 Capital Securities to CIMBGH bearing a fixed rate coupon of 3.60% p.a. and 4.00% p.a. respectively, payable on a semi-annual basis. The said capital securities were issued from the existing RM10 billion AT1 Capital Securities programme.

##### **(j) Subordinated debts 2020/2030 RM50 million**

On 23 December 2020, the Bank issued RM50 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMBGH bearing a fixed rate coupon of 3.15% p.a., payable on a semi-annual basis. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

##### **(k) Subordinated notes 2021/2031 RM660 million**

On 12 July 2021, CIMB Thai issued RM 660 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 the Bank, hence the amount was eliminated at consolidated level.

##### **(l) Sustainability Sukuk Wakalah 2021/2031 RM100 million**

On 29 December 2021, the Bank issued RM100 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah to CIMB Group 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 billion Sukuk Wakalah programme.



# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **32 Subordinated obligations (Continued)**

#### **(m) Sustainability Sukuk Wakalah 2022/2032 RM1.5 billion**

On 8 September 2022, the Bank issued RM1.5 billion 10 years non-callable 5 years Tier 2 Sukuk Wakalah to CIMB Group 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.

#### **(n) Sustainability Sukuk Wakalah 2022/2032 RM1.0 billion**

On 2 December 2022, the Bank issued RM1.0 billion 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah to CIMB Group 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.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 33 Redeemable preference shares

	<b>The Group and The Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid</b>		
<b>Redeemable preference shares (equity)</b>		
At 1 January/31 December	<b>29,740</b>	29,740

On 30 January 2008, the Bank issued 2,974,009,486 Redeemable Preference Shares (“RPS”) to the Bank’s minority shareholders and to CIMB Group at an issue price of RM0.01 each, which was approved by the shareholders via an Extraordinary General Meeting on the same date.

The main features of the RPS are as follows:

- (i) The RPS will rank equal in all respects with each other and senior to ordinary shares.
- (ii) The RPS will be fully paid-up upon issue and allotment.
- (iii) The RPS will not carry any fixed dividend but ranks the most senior in terms of dividend distribution.
- (iv) The RPS will not carry any voting rights.
- (v) The RPS will only be redeemable, subject to BNM’s approval, at the option of the Bank.
- (vi) The RPS will not be convertible.
- (vii) The RPS will not be earmarked to any particular assets or banking activities.
- (viii) The RPS will not represent any fixed charge on the earnings of the Bank.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 34 Ordinary share capital

	<b>The Group and The Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid shares:</b>		
At 1 January	<b>21,855,078</b>	21,323,364
Issue of shares during the financial year	<b>1,124,684</b>	531,714
At 31 December	<b><u>22,979,762</u></b>	<u>21,855,078</u>

#### Increase in issued and paid-up capital

On 13 December 2021, the Bank issued 92.5 million Rights Issue at RM5.75 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM531.7 million.

On 20 June 2022, the 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.

On 10 November 2022, the Bank issued 137.3 million ordinary shares at RM5.84 per share. The issuance has resulted in an increase in ordinary shares of RM802.0 million.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 35 Perpetual preference shares

	<b>The Group and The Bank</b>	
	2022	2021
<b>Issued and fully paid</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Perpetual preference shares:</b>		
At 1 January/31 December	<u>200,000</u>	<u>200,000</u>

The main features of the Perpetual Preference Shares (“PPS”) are as follows:

- (a) The PPS have no right to dividends.
- (b) In the event of liquidation, dissolution or winding-up of the 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 the Bank.
- (c) The PPS rank pari passu in all aspects among themselves.
- (d) The 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 BNM.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 36 Reserves

The detailed breakdown of the reserves are shown in the Statements of Changes in Equity of the Group and the Bank respectively.

- (a) The statutory reserve is maintained in compliance with BNM guidelines. Effective 3 May 2017, 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 of the Group are in compliance with rules and regulations of the respective authorities.

- (b) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (c) Capital reserves, which are non-distributable, relate to the retained earnings of Bumiputra-Commerce Finance Berhad (now known as Mutiara Aset Berhad) and CIMB Investment Bank Berhad, and the four months profit of SBB Berhad (formerly known as Southern Bank Berhad) from 1 July 2006 to 31 October 2006 which were transferred to the Bank, arising from the business combinations under common control using the predecessor basis of accounting in financial year 2006.

In 2022, a foreign subsidiary of the Bank 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 1 capital following the local regulatory requirement.

- (d) Merger deficit, which is non-distributable, relates to the difference between the cost of the merger between the Bank and CIMB Investment Bank Berhad and SBB Berhad (formerly known as Southern Bank Berhad) in 2006 and the value of the net assets and reserves transferred to the Bank and the Group.
- (e) Hedging reserve mainly arise from net investment hedge activities undertaken by the Group and the Bank 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. The Group and the Bank have also entered into cash flow hedges on senior bond issued and interbranch lending.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **36 Reserves (Continued)**

- (f) Regulatory reserve of the Group is maintained by the Bank and 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 the Bank and the banking subsidiaries in Malaysia to meet the local regulatory requirement.

- (g) Share-based payment reserve arose from Employee Ownership Plan, Long Term Incentive Plan (“LTIP”), the Group’s and the Bank’s share-based compensation benefits.
- (h) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.
- (i) For debt instruments at 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.
- (j) The Group and the Bank have 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 and the Bank transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- (k) The Group and the Bank designate the spot component of foreign currency swap contracts as hedging instruments in net investment hedge relationships. The Group and the Bank defer changes in the forward element of foreign currency swap contracts and the currency basis from the cross currency interest rate swaps contracts in the cost of hedging reserve.
- (l) Changes in fair value of financial liabilities designated at fair value relating to the Group’s and the Bank’s own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****37(a) Interest income**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income	<b>9,594,514</b>	8,359,387	<b>7,957,651</b>	6,624,972
- unwinding income <sup>^</sup>	<b>125,394</b>	89,247	<b>110,392</b>	75,173
Money at call and deposits with financial institutions	<b>499,795</b>	236,757	<b>576,460</b>	321,743
Reverse repurchase agreements	<b>130,803</b>	40,250	<b>125,060</b>	39,004
Debt instruments at fair value through other comprehensive income	<b>1,356,184</b>	1,150,026	<b>1,218,934</b>	1,042,831
Debt instruments at amortised cost	<b>1,460,077</b>	1,393,587	<b>1,471,479</b>	1,433,915
Others	<b>54,694</b>	32,827	<b>54,691</b>	32,825
	<b>13,221,461</b>	11,302,081	<b>11,514,667</b>	9,570,463
Net accretion of discount less amortisation of premium	<b>(149,450)</b>	(230,948)	<b>(125,096)</b>	(194,093)
	<b>13,072,011</b>	11,071,133	<b>11,389,571</b>	9,376,370

<sup>^</sup> Unwinding income is interest income earned on credit impaired financial assets**37(b) Interest income for financial assets at fair value through profit or loss**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through profit or loss	<b>482,732</b>	466,674	<b>376,119</b>	349,548
Loans, advances and financing at fair value through profit or loss	<b>12,063</b>	15,226	<b>12,063</b>	15,226
	<b>494,795</b>	481,900	<b>388,182</b>	364,774
Net accretion of discount less amortisation of premium	<b>128,715</b>	(45,975)	<b>135,805</b>	(23,937)
	<b>623,510</b>	435,925	<b>523,987</b>	340,837

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****38 Interest expense**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>540,429</b>	170,184	<b>489,586</b>	146,030
Deposits from customers	<b>3,512,791</b>	2,491,765	<b>3,186,804</b>	2,176,272
Repurchase agreements	<b>592,279</b>	289,344	<b>573,391</b>	277,784
Financial liabilities designated at fair value through profit or loss	<b>42,813</b>	26,382	<b>19,853</b>	1,458
Negotiable certificates of deposits	<b>28,562</b>	13,621	<b>27,666</b>	12,916
Recourse obligation on loan and financing sold to Cagamas	<b>26,454</b>	42,516	<b>26,454</b>	42,516
Bonds, Sukuk and debentures	<b>297,084</b>	203,254	<b>265,248</b>	175,311
Subordinated obligations	<b>350,058</b>	386,202	<b>343,703</b>	379,923
Other borrowings	<b>41,283</b>	44,360	<b>57,622</b>	56,977
Structured deposits	<b>67,956</b>	28,125	<b>67,956</b>	28,125
Lease liabilities	<b>15,770</b>	17,691	<b>13,132</b>	15,717
Others	<b>9,524</b>	7,542	<b>116</b>	35
	<b><u>5,525,003</u></b>	<u>3,720,986</u>	<b><u>5,071,531</u></b>	<u>3,313,064</u>



## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 39 Modification (gain)/ loss

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(Gain)/loss on modification of cash flows	<b>(6,707)</b>	62,078	<b>1,260</b>	34,143

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****40 Net non-interest income**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Net fee and commission income</b>				
Commissions	669,546	818,131	428,564	579,983
Fee on loans and advances	537,382	401,238	522,192	388,698
Service charges and fees	597,921	491,171	1,657,090	1,463,496
Guarantee fees	74,160	69,075	65,906	60,472
Other fee income	220,396	150,846	206,452	140,211
Fee and commission income	2,099,405	1,930,461	2,880,204	2,632,860
Fee and commission expense	(449,921)	(398,139)	(440,325)	(391,713)
Net fee and commission income	1,649,484	1,532,322	2,439,879	2,241,147
<b>Gross dividend income from:</b>				
<u>In Malaysia</u>				
Financial investments at fair value through profit or loss	46,694	57,746	46,604	57,656
Equity instruments at fair value through other comprehensive income	1,019	1,000	1,000	1,000
Subsidiaries	-	-	79,400	48,960
Joint venture	-	-	5,000	-
	47,713	58,746	132,004	107,616
<u>Outside Malaysia</u>				
Equity instruments at fair value through other comprehensive income	1,679	1,613	-	-
Subsidiaries	-	-	41,852	21,763
	1,679	1,613	41,852	21,763
<b>Net (loss)/gain arising from financial investments at fair value through profit or loss</b>				
- realised	(1,170,293)	(498,125)	(1,142,973)	(392,712)
- unrealised	(87,682)	(657,135)	94,001	(334,090)
	(1,257,975)	(1,155,260)	(1,048,972)	(726,802)
<b>Net gain/(loss) arising from derivative financial instruments</b>				
- realised	5,042,345	2,365,715	4,279,103	2,255,482
- unrealised	(504,057)	1,084,122	(476,014)	691,507
	4,538,288	3,449,837	3,803,089	2,946,989
<b>Net (loss)/gain arising from loans, advances and financing at fair value through profit or loss</b>				
- unrealised	(1,208)	1,482	(1,208)	1,482
	(1,208)	1,482	(1,208)	1,482
<b>Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss</b>				
- realised	(42,024)	(128,296)	(2,783)	(495)
- unrealised	96,150	211,148	(3,515)	17,533
	54,126	82,852	(6,298)	17,038

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****40 Net non-interest income (Continued)**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gain arising from hedging activities	31,437	5,427	22,018	3,280
Net (loss)/gain from sale of investment in debt instruments at fair value through other comprehensive income	(124,959)	246,401	(5,464)	204,600
Net gain from redemption of debt instruments at amortised cost	12,740	7,020	12,740	7,020
<b>Other non-interest income</b>				
Foreign exchange loss	(2,160,239)	(1,524,768)	(1,832,924)	(1,494,461)
Rental income	11,847	11,696	10,282	10,013
Gain on disposal of property, plant and equipment/assets held for sale	23,798	16,780	6,910	11,398
Gain on disposal of foreclosed assets	3,887	9,674	-	-
Loss on disposal of loans, advances and financing	(1,267)	(861)	(4,478)	(624)
Others	51,872	32,627	32,709	24,148
	<b>(2,070,102)</b>	<b>(1,454,852)</b>	<b>(1,787,501)</b>	<b>(1,449,526)</b>
	<b>2,881,223</b>	<b>2,775,588</b>	<b>3,602,139</b>	<b>3,374,607</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Overheads**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses <sup>2</sup>	3,242,080	3,068,821	2,609,716	2,464,118
- Pension cost (defined contribution plan)	336,540	336,972	308,919	309,688
- Pension cost (defined benefit plan)	17,286	24,048	-	-
- Share-based expense <sup>1</sup>	45,566	27,224	37,188	22,398
- Overtime	12,797	8,805	6,721	4,706
- Staff incentives and other staff payments	197,253	314,310	97,296	267,119
- Medical expenses	70,150	68,458	62,913	62,514
- Others	97,097	77,236	75,046	58,395
	<b>4,018,769</b>	<b>3,925,874</b>	<b>3,197,799</b>	<b>3,188,938</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	167,565	149,680	125,318	106,950
- Depreciation of right-of-use assets	180,381	193,989	150,228	165,414
- Amortisation of intangible assets	446,436	596,604	376,203	511,904
- Rental	99,270	89,488	60,098	58,049
- Repairs and maintenance	540,066	507,470	492,463	460,483
- Outsourced services	60,061	66,064	35,315	46,565
- Security expenses	70,011	87,344	65,669	82,966
- Utility expenses	39,576	38,821	30,689	30,414
- Intangible assets written off	1,632	37,807	1,586	27,173
- Others	107,099	82,717	94,536	73,260
	<b>1,712,097</b>	<b>1,849,984</b>	<b>1,432,105</b>	<b>1,563,178</b>
<b>Marketing expenses</b>				
- Advertisement	100,712	85,074	70,617	63,311
- Others	65,635	29,801	57,543	27,522
	<b>166,347</b>	<b>114,875</b>	<b>128,160</b>	<b>90,833</b>
<b>Administration and general expenses</b>				
- Communication	78,167	69,503	72,773	64,083
- Consultancy and professional fees	161,908	136,135	147,491	121,755
- Legal expenses	43,620	58,131	28,010	19,835
- Stationery	16,645	25,173	11,583	18,898
- Postages	25,172	26,397	18,896	20,425
- Administrative travelling and vehicle expenses	16,789	15,400	9,513	6,075
- Incidental expenses on banking operations	43,488	39,353	22,312	19,603
- Insurance	15,643	69,246	12,026	54,720
- Others	413,887	431,820	403,114	401,156
	<b>815,319</b>	<b>871,158</b>	<b>725,718</b>	<b>726,550</b>
	<b>6,712,532</b>	<b>6,761,891</b>	<b>5,483,782</b>	<b>5,569,499</b>

<sup>1</sup> The long term incentive plan ("LTIP") was implemented by CIMB Group Holdings in June 2021. The LTIP awards ordinary shares and share options of CIMB Group to eligible employees of the Group and the Bank. 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 44(g).

<sup>2</sup> Included in salaries, allowances and bonus is shared-based payment expense of RM18,029,000 and RM16,270,000 (2021: RM36,902,000 and RM33,780,000) for the Group and the Bank respectively. Refer Note 44(f).

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Overheads (Continued)**

The above expenditure includes the following statutory disclosures:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Directors' remuneration (Note 45)	<b>9,670</b>	7,336	<b>9,483</b>	7,171
Hire of equipment	<b>44,246</b>	40,723	<b>43,647</b>	40,273
Lease rental	<b>506</b>	424	<b>429</b>	424
Auditors' remuneration:				
<u>PricewaterhouseCoopers PLT* (audit)</u>				
- statutory audit	<b>5,677</b>	4,927	<b>4,915</b>	4,205
- limited review	<b>1,068</b>	1,318	<b>973</b>	1,193
- other audit related	<b>78</b>	78	<b>78</b>	69
<u>PricewaterhouseCoopers Malaysia (non audit)</u>				
- Reporting accountant, regulatory-related services and others	<b>44</b>	1,508	<b>44</b>	1,508
- Tax services	<b>352</b>	336	<b>195</b>	247
<u>Other member firms of PricewaterhouseCoopers</u>				
- statutory audit	<b>3,444</b>	3,214	<b>2,203</b>	1,911
- limited review	<b>1,023</b>	1,207	<b>196</b>	319
- other audit related	<b>346</b>	377	<b>177</b>	205
<u>Other member firms of PricewaterhouseCoopers International Limited* (non audit)</u>				
- Reporting accountant, regulatory-related services and others	<b>29</b>	70	<b>29</b>	55
- Tax services	<b>1,033</b>	503	<b>998</b>	468
<u>Other auditors' remuneration</u>				
- Statutory audit	<b>58</b>	88	-	-
Property, plant and equipment written off	<b>2,712</b>	3,713	<b>110</b>	2,046

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 Expected credit losses on loans, advances and financing**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses on loans, advances and financing at amortised cost	<b>1,542,345</b>	2,053,376	<b>799,336</b>	1,242,256
Credit impaired loans, advances and financing:				
- recovered	<b>(442,512)</b>	(494,513)	<b>(250,300)</b>	(282,946)
- written off	<b>15,533</b>	10,509	<b>13,424</b>	8,914
	<b>1,115,366</b>	1,569,372	<b>562,460</b>	968,224

**43 Other expected credit losses and impairment allowances made/(written back)**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses (written back)/made on:				
- Debt instrument at fair value through other comprehensive income	<b>(24,500)</b>	9,207	<b>(22,588)</b>	7,801
- Debt instrument at amortised cost	<b>(102,079)</b>	188,003	<b>(105,146)</b>	194,323
- Money at call and deposits and placements with banks and other financial institutions	<b>158</b>	(493)	<b>(1,531)</b>	1,890
- Other assets	<b>242,798</b>	266,594	<b>129,606</b>	145,856
- Intangible assets	-	614	-	-
- Property, plant and equipment	-	1,783	-	1,556
- Right-of-use assets	<b>(731)</b>	18,302	<b>(725)</b>	18,302
- Subsidiary	-	-	<b>18,839</b>	2
	<b>115,646</b>	484,010	<b>18,455</b>	369,730

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

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 44 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 Bank has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence.

The Group and the Bank have related party relationships with their holding companies, subsidiaries, joint venture and key management personnel.

(a) The related parties of, and their relationship with the Bank, are as follows:

<b>Related parties</b>	<b>Relationship</b>
CIMB Group Holdings Berhad (“CIMB Group”)	Ultimate holding company
CIMB Group Sdn. Bhd. (“CIMBG”)	Immediate holding company
Subsidiaries of CIMB Group and CIMBG as disclosed in their Financial Statements	Subsidiaries of ultimate holding and immediate holding company
Subsidiaries of the Bank as disclosed in Note 16	Subsidiaries
Joint venture of the Bank as disclosed in Note 17	Joint venture
Joint ventures of CIMB Group as disclosed in their Financial Statements	Joint ventures of ultimate holding company
Associates of CIMB Group as disclosed in their Financial Statements	Associates of ultimate holding company
Key management personnel	Refer to below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)**

## (b) Related party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on agreed terms with the related party.

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2022</b>						
<b>Income</b>						
Interest on deposits and placements with financial institutions	-	1,616	-	-	169,579	-
Interest on loans, advances and financing and reverse repurchase agreements	-	5,833	-	8,682	-	249
Interest on securities	-	-	-	-	103,165	-
Dividends	-	-	5,000	-	121,252	-
Others	1,680	420	72,462	1	3,396	9
Service charges and fees	15,033	116,781	-	-	1,104,200	-
<b>Expenditure</b>						
Interest on deposits from customers and securities sold under repurchase agreements	11,941	8,100	228	125	21,733	103
Interest on deposits and placements of banks and other financial institutions	-	3,710	-	-	21,421	-
Interest on other borrowing	-	-	-	-	19,518	-
Interest on subordinated obligations	380,279	-	-	-	-	-
Dividends	1,904,270	-	-	-	-	-
Others	-	116,655	3,754	-	135,316	-
<b>2021</b>						
<b>Income</b>						
Interest on deposits and placements with financial institutions	-	391	-	-	97,590	-
Interest on loans, advances and financing and reverse repurchase agreements	-	3,410	-	8,655	50	208
Interest on securities	86	-	-	-	106,569	1
Dividends	-	-	-	-	70,723	-
Others	1,165	2,447	49,574	14	3,277	-
Service charges and fees	15,777	118,635	-	-	1,013,299	-
<b>Expenditure</b>						
Interest on deposits from customers and securities sold under repurchase agreements	4,981	6,048	139	2,823	18,597	625
Interest on deposits and placements of banks and other financial institutions	-	3,843	-	-	1,470	-
Interest on other borrowing	-	-	-	-	22,434	-
Interest on subordinated obligations	402,009	1,165	-	-	-	-
Dividends	531,745	-	-	-	-	-
Others	-	113,319	6,315	-	115,278	-



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)****(c) Related party balances**

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Amounts due from</b>						
Current accounts, deposits and placements with banks and other financial institutions	-	53,448	-	-	6,356,985	-
Placement from Investment Account	-	-	-	-	3,576,590	-
Loans, advances and financing and reverse repurchase agreement	-	238,943	-	16,680	-	15,301
Derivative financial instruments	-	-	-	-	617,687	-
Investments securities	-	-	-	-	2,487,944	-
Others	649	101,149	2,882,834	-	15,959	-
<b>Amounts due to</b>						
Deposits from customers and securities sold under repurchase agreements	477,918	717,494	-	22,805	1,258,487	13,006
Deposits and placements of banks and other financial institutions	-	-	-	-	1,506,041	-
Other borrowings	-	-	-	-	459,268	-
Derivative financial instruments	-	-	-	-	431,818	-
Subordinated obligations	9,601,886	-	-	-	-	-
Reverse repurchase agreements	-	243,391	-	-	-	-
Others	-	21,748	-	-	375,226	-
<b>Commitment and contingencies</b>						
Foreign exchange related contracts	-	-	-	-	16,692,063	-
Equity related contracts	-	-	-	-	6,015	-
Commodity related derivatives	-	-	-	-	2,129	-
Interest rate related contracts	-	-	-	-	7,399,779	-
Credit related contracts	-	-	-	-	727,741	-

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)**

## (c) Related party balances (Continued)

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Company RM'000	Other related companies RM'000	Associate and joint venture RM'000	Key management personnel RM'000	Subsidiaries RM'000	Key management personnel RM'000
<b>2021</b>						
<b>Amounts due from</b>						
Current accounts, deposits and placements with banks and other financial institutions	-	23,174	-	-	1,835,709	-
Placement from Investment Account	-	-	-	-	3,919,753	-
Loans, advances and financing and reverse repurchase agreement	-	225,412	-	23,834	-	24,266
Derivative financial instruments	-	-	-	-	191,319	-
Investments securities	-	-	-	-	2,476,170	-
Others	13,389	60,963	2,099,818	-	111,650	-
<b>Amounts due to</b>						
Deposits from customers and securities sold under repurchase agreements	1,048,491	850,501	-	29,345	1,258,710	12,673
Deposits and placements of banks and other financial institutions	-	-	-	-	875,416	-
Other borrowings	-	-	-	-	544,463	-
Derivative financial instruments	-	-	-	-	223,226	-
Subordinated obligations	8,624,947	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-
Others	-	8,238	-	-	340,904	-
<b>Commitment and contingencies</b>						
Foreign exchange related contracts	-	-	-	-	10,834,485	-
Equity related contracts	-	-	-	-	9,757	-
Commodity related derivatives	-	-	-	-	35,139	-
Interest rate related contracts	-	-	-	-	8,177,250	-
Credit related contracts	-	-	-	-	784,018	-

Other related party balances are unsecured, non-interest bearing and repayable on demand.

Pursuant to the service level agreement (“SLA”) entered by the Bank with its subsidiary, CIMB Islamic Berhad (CIMB Islamic), CIMB Islamic has the right to seek indemnity from the Bank against all claims, demands, fines, penalties, payment, losses, costs, damages, charges and expenses as a results of the Bank breach of the terms of the SLA, except in the case of any gross negligence or willful default on the part of CIMB Islamic or its directors, officers, employees or agents.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)**

(d) The breakdown of expenditure by geographical is as follows:

2022

	← The Group and the Bank →			← The Bank →		
	Interest expense	Dividends	Others	Interest expense	Dividends	Others
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	403,930	1,904,270	119,158	459,289	1,904,270	250,783
Singapore	328	-	1,001	328	-	1,001
Cambodia	-	-	-	4,225	-	-
Thailand	-	-	-	-	-	3,205
Vietnam	-	-	-	3,088	-	486
	<b>404,258</b>	<b>1,904,270</b>	<b>120,159</b>	<b>466,930</b>	<b>1,904,270</b>	<b>255,475</b>

2021

	← The Group and the Bank →			← The Bank →		
	Interest expense	Dividends	Others	Interest expense	Dividends	Others
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	418,048	531,745	118,536	460,002	531,745	233,499
Singapore	137	-	1,035	137	-	1,035
Cambodia	-	-	-	105	-	-
Hong Kong	-	-	63	-	-	63
Vietnam	-	-	-	442	-	315
	<b>418,185</b>	<b>531,745</b>	<b>119,634</b>	<b>460,686</b>	<b>531,745</b>	<b>234,912</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)**

(e) Key management personnel

Key management compensation

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries and other short term employee benefits <sup>#</sup>	<b>79,907</b>	52,407	<b>57,893</b>	41,690
Shares of the ultimate holding company awarded from EOP (units)	<b>331,630</b>	291,988	<b>416,113</b>	483,162
Shares of the ultimate holding company awarded from LTIP (units)				
- ESOS	<b>5,493,000</b>	79,183,000	<b>1,713,000</b>	41,031,000
- SGP	<b>1,199,000</b>	5,770,000	<b>376,000</b>	2,988,000

*# includes compensation paid by subsidiaries and other related companies*

Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM2,868,964 (2021: RM2,992,941) and RM592,635 (2021: RM680,370) respectively. Loans made to Directors and other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group.

During the financial year, share based payment expenses to key management personnel of the Group and the Bank amounted to RM29,209,000 (2021: RM12,624,000) and RM14,808,000 (2021: RM8,939,000) respectively.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)****(f) Equity Ownership Plan (“EOP”)**

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group to selected employees of the Group and the Bank. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group and the Bank will be utilised to purchase ordinary shares of CIMB Group 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 related company will act on behalf of CIMB 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 CIMB 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 expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM18,029,000 (2021: RM36,902,000) and RM16,270,000 (2021: RM33,780,000) respectively.

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RM5.09 per ordinary share (2021: RM4.21 per ordinary share), based on observable market price.

Movements in the number of CIMB Group’s ordinary shares awarded are as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	Units	Units	Units	Units
	'000	'000	'000	'000
At 1 January	<b>9,806</b>	18,702	<b>8,673</b>	16,365
Awarded	<b>2,155</b>	2,596	<b>1,937</b>	2,251
Released	<b>(8,111)</b>	(11,492)	<b>(7,208)</b>	(9,943)
At 31 December	<b>3,850</b>	9,806	<b>3,402</b>	8,673

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **44 Significant related party transactions and balances (Continued)**

#### **(g) 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 fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting. 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 where vesting is subject to service conditions. 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 service and performance conditions (based on return on equity targets and individual performance), 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)**

## (g) Long Term Incentive Plan (“LTIP”) (Continued)

## (i) Details of ESOS shares awarded:

Award Date	Fair Value	Awarded	Vesting Dates
	RM	(Units'000)	
9 June 2021 - first grant	0.45	216,758	31-Mar-24
			31-Mar-25
31 March 2022 - second grant	0.75	8,991	31-Mar-24
			31-Mar-25
8 September 2022 - third grant	0.74	3,430	31-Mar-24
			31-Mar-25
8 December 2022 - fourth grant	0.81	660	31-Mar-24
			31-Mar-25

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2022:

CIMB Bank Group						
Award Date	As at	Movement during the year			Outstanding as at	Exercisable as at
	1 January 2022	Awarded	Exercised	Expired / Forfeited	31 December 2022	31 December 2022
	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021 - first grant	170,463	-	-	(12,964)	157,499	-
31 March 2022 - second grant	-	4,940	-	(70)	4,870	-
8 September 2022 - third grant	-	3,106	-	-	3,106	-
8 December 2022 - fourth grant	-	660	-	-	660	-

CIMB Bank						
Award Date	As at	Movement during the year			Outstanding as at	Exercisable as at
	1 January 2022	Awarded	Exercised	Expired / Forfeited	31 December 2022	31 December 2022
	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021 - first grant	140,683	-	-	(12,627)	128,056	-
31 March 2022 - second grant	-	4,461	-	(70)	4,391	-
8 September 2022 - third grant	-	2,719	-	-	2,719	-
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:

## CIMB Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 44 Significant related party transactions and balances (Continued)

(g) Long Term Incentive Plan (“LTIP”) (Continued)

(ii) Details of ESOS shares awarded: (Continued)

	Award Date	Award Date	Award Date	Award Date
	9-Jun-21	31-Mar-22	8-Sep-22	8-Dec-22
Fair value of ESOS shares (RM)	0.45	0.75	0.74	0.81
Exercise Price (RM)	4.96	5.58	5.75	5.93
Closing share price at award date (RM)	4.65	5.33	5.40	5.61
Option term	From award date until 8 June 2028	From award date until 8 June 2028	From award date until 8 June 2028	From award date until 8 June 2028
Expected volatility (%)	23.60	24.85	25.04	25.62
Risk-free rate (%)	2.87	3.50	3.82	3.69
Discounted dividend flow	2.05	1.72	1.67	1.63



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)**

## (g) Long Term Incentive Plan (“LTIP”) (Continued)

## (iii) Details of SGP shares awarded

Award Date	Fair Value	Awarded	Vesting Dates	
	MYR	(Units'000)		
9 June 2021 - first grant	4.65	15,748	31-Mar-24	<i>Subject to performance conditions</i>
			31-Mar-25	
31 March 2022 - second grant	5.33	1,965	31-Mar-24	
			31-Mar-25	
8 September 2022 - third grant	5.40	736	31-Mar-24	
			31-Mar-25	
8 December 2022 - fourth grant	5.61	142	31-Mar-24	
			31-Mar-25	

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2022:

Award Date	CIMB Bank Group			
	As at	Movement during the year		As at
	1 January 2022	Awarded	Forfeited	31 December 2022
	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021 - first grant	12,386	-	(944)	11,442
31 March 2022 - second grant	-	1,079	(15)	1,064
8 September 2022 - third grant	-	666	-	666
8 December 2022 - fourth grant	-	142	-	142

Award Date	CIMB Bank			
	As at	Movement during the year		As at
	1 January 2022	Awarded	Forfeited	31 December 2022
	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021 - first grant	10,224	-	(920)	9,304
31 March 2022 - second grant	-	974	(15)	959
8 September 2022 - third grant	-	584	-	584
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	Award Date	Award Date	Award Date
	9-Jun-21	31-Mar-22	8-Sep-22	8-Dec-22
Fair value of SGP Shares (RM)	4.65	5.33	5.40	5.61
Closing share price at award date (RM)	4.65	5.33	5.40	5.61

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****44 Significant related party transactions and balances (Continued)**

## (h) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per BNM's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective in 2008 are as follows:

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Outstanding credit exposures with connected parties	<b>12,533,867</b>	9,144,805	<b>10,915,181</b>	8,138,628
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>2.3%</b>	1.8%	<b>2.8%</b>	2.2%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<b>0.0%</b>	0.0%	<b>0.0%</b>	0.0%

## (i) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 24.1% of the issued capital of the ultimate holding company (2021: 25.7%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government is 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 Bank.

The Group and the Bank 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 and the Bank's business based on agreed terms.

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 45 Directors' remuneration

The Directors of the Bank in office during the financial year were as follows:

#### Non-Executive Directors

Datuk Mohd Nasir bin Ahmad  
 Dato' Lee Kok Kwan  
 Mr. Chu Hong Keong  
 Mr. Sukanta Kumar Dutt  
 Puan Nadzirah Abd Rashid  
 Encik Hafriz Abdul Rahman (Appointed on 1 July 2022)  
 Ms. Serena Tan Mei Shwen (Resigned on 30 April 2022)  
 Datin Grace Yeoh Cheng Geok (Retired on 20 August 2022)

#### Executive Director

Dato' Abdul Rahman Ahmad

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Salary and other remuneration	7,298	5,009	7,298	5,009
- Benefits-in-kind	125	30	125	30
	<u>7,423</u>	<u>5,039</u>	<u>7,423</u>	<u>5,039</u>
Non-Executive Directors				
- Fees	928	993	845	945
- Other remuneration	1,319	1,304	1,215	1,187
	<u>2,247</u>	<u>2,297</u>	<u>2,060</u>	<u>2,132</u>
	<u>9,670</u>	<u>7,336</u>	<u>9,483</u>	<u>7,171</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****45 Directors' remuneration (Continued)**

	The Group				The Bank			
	Fees	Salary and/or other remuneration	Benefits-in- kind	Total	Fees	Salary and/or other remuneration	Benefits- in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2022</b>								
<b>Executive Directors</b>								
Dato' Abdul Rahman Ahmad	-	7,298	125	7,423	-	7,298	125	7,423
	-	7,298	125	7,423	-	7,298	125	7,423
<b>Non-Executive Directors</b>								
Datuk Mohd Nasir bin Ahmad	233	337	-	570	150	258	-	408
Dato' Lee Kok Kwan	150	170	-	320	150	170	-	320
Mr. Chu Hong Keong	150	210	-	360	150	210	-	360
Mr. Sukanta Kumar Dutt	150	275	-	425	150	250	-	400
Puan Nadzirah Abd Rashid	150	217	-	367	150	217	-	367
Encik Hafriz Abdul Rahman	-	-	-	-	-	-	-	-
Ms. Serena Tan Mei Shwen	-	-	-	-	-	-	-	-
Datin Grace Yeoh Cheng Geok	95	110	-	205	95	110	-	205
	928	1,319	-	2,247	845	1,215	-	2,060
	928	8,617	125	9,670	845	8,513	125	9,483

	The Group				The Bank			
	Fees	Salary and/or other remuneration	Benefits-in- kind	Total	Fees	Salary and/or other remuneration	Benefits- in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2021</b>								
<b>Executive Directors</b>								
Dato' Abdul Rahman Ahmad	-	5,009	30	5,039	-	5,009	30	5,039
<b>Non-Executive Directors</b>								
Datin Grace Yeoh Cheng Geok	135	132	-	267	135	132	-	267
Datuk Mohd Nasir bin Ahmad	183	362	-	545	135	261	-	396
Dato' Lee Kok Kwan	135	102	-	237	135	102	-	237
Ms. Serena Tan Mei Shwen	135	106	-	241	135	106	-	241
Mr. Chu Hong Keong	135	132	-	267	135	132	-	267
Mr. Sukanta Kumar Dutt	135	208	-	343	135	208	-	343
Puan Nadzirah Abd Rashid	135	262	-	397	135	246	-	381
	993	1,304	-	2,297	945	1,187	-	2,132
	993	6,313	30	7,336	945	6,196	30	7,171

The Directors and Officers of the Group and of the Bank 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 Bank amounted to RM1,329,572 (2021: RM1,291,368) and RM900,635 (2021: RM872,098) respectively.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****46 Taxation and zakat**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	<b>1,999,044</b>	1,144,683	<b>1,509,797</b>	788,719
- Foreign tax	<b>216,409</b>	175,991	<b>46,257</b>	15,480
Deferred taxation (Note 14)	<b>21,514</b>	(352,770)	<b>54,922</b>	(214,041)
Over provision in prior financial years	<b>(4,591)</b>	(3,885)	<b>(1,111)</b>	(7,031)
	<b>2,232,376</b>	964,019	<b>1,609,865</b>	583,127
Zakat	<b>9,360</b>	5,060	-	-
	<b>2,241,736</b>	969,079	<b>1,609,865</b>	583,127

**Reconciliation between tax expense and the Malaysian tax rate**

Profit before taxation and zakat	<b>6,405,956</b>	3,267,854	<b>4,402,576</b>	2,899,075
Less:				
Share of results of joint venture	<b>(16,749)</b>	(10,999)	-	-
	<b>6,389,207</b>	3,256,855	<b>4,402,576</b>	2,899,075
Tax calculated at a rate of 24%	<b>1,533,410</b>	781,645	<b>1,056,618</b>	695,778
- different tax rates in Labuan and other countries	<b>(19,856)</b>	(5,238)	<b>6,319</b>	10,556
- expenses not deductible for tax purposes	<b>234,842</b>	473,097	<b>208,191</b>	170,881
- income not subject to tax	<b>(168,146)</b>	(150,191)	<b>(190,722)</b>	(170,422)
- utilisation/recognition of previously unrecognised deferred tax assets	-	(13,181)	-	-
- effect of change in tax rate arising from Prosperity tax	<b>656,717</b>	(118,228)	<b>530,570</b>	(116,635)
- over provision in prior financial years	<b>(4,591)</b>	(3,885)	<b>(1,111)</b>	(7,031)
Tax expense	<b>2,232,376</b>	964,019	<b>1,609,865</b>	583,127

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **47 Earnings per share**

##### **(a) Basic earnings per share**

The basic earnings per ordinary share for the Group have been calculated based on the net profit attributable to ordinary equity holders of the Group of RM4,144,030,000 (2021: RM2,282,948,000). For the Bank, the basic earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Bank of RM2,792,711,000 (2021: RM2,315,948,000).

Ordinary shares issued arising from business combinations under common control are included in the calculation of the weighted average number of shares from the date the business combination had been effected. The weighted average number of shares in issue during the year of 6,338,354,000 (2021: 6,202,056,000) is used for the computation.

##### **(b) Diluted earnings per share**

There were no dilutive potential ordinary shares outstanding as at 31 December 2022 and 31 December 2021.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****48 Dividends**

The gross and net dividend declared per share for each financial year are as follows:

	2022			2021		
	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000
Dividends recognised as distributions to equity holders:						
<u>Interim dividend - for the year ended 31 December 2021</u>						
Per ordinary shares - single tier	10.35	10.35	651,012	-	-	-
<u>Interim dividend - for the year ended 31 December 2022</u>						
Per ordinary shares - single tier	19.75	19.75	1,253,258	8.58	8.58	531,745
	<u>30.10</u>	<u>30.10</u>	<u>1,904,270</u>	<u>8.58</u>	<u>8.58</u>	<u>531,745</u>

The Directors have proposed a single tier second interim dividend of approximately 15.13 sen per share on 6,482,931,878 ordinary shares, amounting to RM981 million in respect of the financial year ended 31 December 2022. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 30 January 2023.

The Directors do not recommend the payment of any interim or final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2022.

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 49 Capital commitments

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
- authorised and contracted for	415,739	393,207	403,162	389,994
- authorised but not contracted for	941,232	935,322	737,447	747,156
	<u>1,356,971</u>	<u>1,328,529</u>	<u>1,140,609</u>	<u>1,137,150</u>

Analysed as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	695,908	737,537	608,388	661,791
Computer software	661,063	590,992	532,221	475,359
	<u>1,356,971</u>	<u>1,328,529</u>	<u>1,140,609</u>	<u>1,137,150</u>



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****50 Commitments and contingencies**

In the normal course of business, the Group and the Bank 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 Bank, 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 26.

The notional/principal amount of the commitments and contingencies constitute the following:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>Principal</b>	Principal	<b>Principal</b>	Principal
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Credit-related</u>				
Direct credit substitutes	<b>3,543,077</b>	3,544,384	<b>3,168,439</b>	3,260,899
Transaction-related contingent items	<b>5,770,401</b>	5,361,331	<b>3,905,844</b>	3,505,373
Short-term self-liquidating trade-related contingencies	<b>4,151,626</b>	3,315,027	<b>2,801,354</b>	2,024,195
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	<b>82,013,088</b>	68,570,606	<b>63,548,084</b>	54,341,124
- maturity exceeding one year	<b>38,062,217</b>	33,989,202	<b>24,951,899</b>	24,386,828
Miscellaneous commitments and contingencies	<b>747,248</b>	2,009,445	<b>687,141</b>	1,980,933
Total credit-related commitments and contingencies	<b>134,287,657</b>	116,789,995	<b>99,062,761</b>	89,499,352

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****50 Commitments and contingencies (Continued)**

	The Group		The Bank	
	2022	2021	2022	2021
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury-related</u>				
Foreign exchange related contracts :				
- less than one year	504,248,780	535,116,275	267,887,297	340,064,407
- one year to five years	69,657,716	61,278,792	26,831,791	25,296,955
- more than five years	16,617,451	18,012,991	3,648,930	4,151,575
	590,523,947	614,408,058	298,368,018	369,512,937
Interest rate related contracts :				
- less than one year	280,516,568	146,241,255	75,796,929	55,499,196
- one year to five years	252,278,343	214,840,487	123,266,786	90,640,395
- more than five years	61,592,936	61,773,268	22,465,744	25,027,788
	594,387,847	422,855,010	221,529,459	171,167,379
Equity related contracts:				
- less than one year	2,041,013	3,195,642	1,875,184	2,900,811
- one year to five years	646,019	448,589	543,804	448,589
- more than five years	93,297	90,002	-	-
	2,780,329	3,734,233	2,418,988	3,349,400
Credit related contracts :				
- less than one year	12,642	338,534	12,642	254,340
- one year to five years	2,258,816	3,170,347	2,257,819	3,167,091
- more than five years	241,979	76,176	241,634	158,441
	2,513,437	3,585,057	2,512,095	3,579,872
Commodity related contracts:				
- less than one year	1,246,341	9,549,647	1,246,341	9,549,802
- one year to five years	-	27,099	-	27,100
	1,246,341	9,576,746	1,246,341	9,576,902
Bond forward:				
- less than one year	882,451	1,178,155	-	-
- one year to five years	1,899,362	1,825,025	-	-
- more than five years	-	30,000	-	30,000
	2,781,813	3,033,180	-	30,000
Total treasury-related commitments and contingencies	1,194,233,714	1,057,192,284	526,074,901	557,216,490
	1,328,521,371	1,173,982,279	625,137,662	646,715,842

The 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.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 50 Commitments and contingencies (Continued)

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer Note 9(i)(d) for more details) as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	<b>3,000,000</b>	2,500,000	<b>3,000,000</b>	2,500,000
	<b>3,000,000</b>	2,500,000	<b>3,000,000</b>	2,500,000

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **51 Capital adequacy**

The key driving principles of the Group's and the Bank'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 and the Bank, 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 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 and the Bank are also provided to the Board of Directors.

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.

The risk-weighted assets of the 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.

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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **51 Capital adequacy (Continued)**

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 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.

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.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****51 Capital adequacy (Continued)***Capital Structure and Adequacy*

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2022.

**31 December 2022 - Basel III**

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

	<b>The Group</b>	<b>The Bank*</b>
<b>Before deducting proposed dividends</b>		
Common equity tier 1 ratio	15.504%	15.491%
Tier 1 ratio	16.166%	16.308%
Total capital ratio	<u>19.822%</u>	<u>20.031%</u>
<b>After deducting proposed dividends</b>		
Common equity tier 1 ratio	15.139%	14.918%
Tier 1 ratio	15.802%	15.736%
Total capital ratio	<u>19.458%</u>	<u>19.458%</u>

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

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM’000</b>	<b>RM’000</b>
Credit risk <sup>(1)</sup>	230,486,378	143,843,475
Market risk	12,840,883	8,344,271
Large exposure risk requirements	1,194,330	1,194,330
Operational risk	<u>24,673,585</u>	<u>17,903,220</u>
Total risk-weighted assets	<u>269,195,176</u>	<u>171,285,296</u>

<sup>(1)</sup> The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 9(i)(d) for more details) are as follows:

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM’000</b>	<b>RM’000</b>
Under Restricted Agency Investment Account arrangement	<u>857,557</u>	<u>857,557</u>
	<u>857,557</u>	<u>857,557</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****51 Capital adequacy (Continued)****31 December 2022 - Basel III (Continued)**

(c) Components of Common Equity Tier 1, Additional Tier 1 and Tier 2 capital are as follows:

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier 1 capital</b>		
Ordinary shares capital	22,979,762	22,979,762
Other reserves	25,403,623	15,271,997
Qualifying non-controlling interests	163,682	-
Less: Proposed dividends	<u>(980,868)</u>	<u>(980,868)</u>
Common Equity Tier 1 capital before regulatory adjustments	47,566,199	37,270,891
<u>Less: Regulatory adjustments</u>		
Goodwill	(3,938,393)	(3,555,075)
Intangible assets	(1,155,311)	(992,230)
Deferred tax assets	(1,379,682)	(948,536)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,991,273)
Regulatory reserve	(417,996)	(233,281)
Others	79,367	2,350
Common Equity Tier 1 capital after regulatory adjustments	<u>40,754,184</u>	<u>25,552,846</u>
<b>Additional Tier 1 capital</b>		
Perpetual subordinated capital securities	1,750,000	1,750,000
Qualifying capital instruments held by third parties	33,305	-
Additional Tier 1 capital before regulatory adjustments	<u>1,783,305</u>	<u>1,750,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(350,000)
Additional Tier 1 capital after regulatory adjustments	<u>1,783,305</u>	<u>1,400,000</u>
<b>Total Tier 1 capital</b>	<u>42,537,489</u>	<u>26,952,846</u>
<b>Tier 2 capital</b>		
Subordinated obligations	7,800,000	7,800,000
Qualifying capital instruments held by third parties	256,863	-
Surplus of eligible provisions over expected loss	1,011,769	706,686
General provision ^	773,228	325,780
Tier 2 capital before regulatory adjustments	<u>9,841,860</u>	<u>8,832,466</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,456,402)
<b>Total Tier 2 capital</b>	<u>9,841,860</u>	<u>6,376,064</u>
<b>Total capital</b>	<u>52,379,349</u>	<u>33,328,910</u>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****51 Capital adequacy (Continued)****31 December 2022 - Basel III (Continued)**

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
Common equity tier 1 ratio	<b>14.040%</b>	<b>15.068%</b>	N/A	N/A
Tier 1 ratio	<b>14.670%</b>	<b>15.068%</b>	N/A	N/A
Total capital ratio	<b>17.078%</b>	<b>20.780%</b>	<b>18.615%</b>	<b>56.979%</b>

**31 December 2021- Basel III**

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

	<b>The Group</b>	<b>The Bank*</b>
<b>Before deducting proposed dividends</b>		
Common equity tier 1 ratio	15.443%	14.919%
Tier 1 ratio	16.228%	15.834%
Total capital ratio	<u>19.690%</u>	<u>19.051%</u>
<b>After deducting proposed dividends</b>		
Common equity tier 1 ratio	15.185%	14.530%
Tier 1 ratio	15.970%	15.445%
Total capital ratio	<u>19.432%</u>	<u>18.662%</u>

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

	<b>The Group RM’000</b>	<b>The Bank* RM’000</b>
Credit risk <sup>(1)</sup>	211,573,137	138,584,833
Market risk	16,357,473	10,800,858
Large exposure risk requirements	891,987	891,987
Operational risk	<u>23,371,960</u>	<u>17,031,328</u>
Total risk-weighted assets	<u>252,194,557</u>	<u>167,309,006</u>

<sup>(1)</sup> The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 9(i)(d) for more details) are as follows:

	<b>The Group RM’000</b>	<b>The Bank* RM’000</b>
Under Restricted Agency Investment Account arrangement	<u>1,227,746</u>	<u>1,227,746</u>
	<u>1,227,746</u>	<u>1,227,746</u>



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****51 Capital adequacy (Continued)****31 December 2021 - Basel III (Continued)**

(c) Components of Common Equity Tier 1, Additional Tier 1 and Tier 2 capital are as follows:

	<b>The Group RM'000</b>	<b>The Bank* RM'000</b>
<b>Common Equity Tier 1 capital</b>		
Ordinary shares capital	21,855,078	21,855,078
Other reserves	23,443,428	14,672,012
Qualifying non-controlling interests	147,833	-
Less: Proposed dividends	(651,012)	(651,012)
Common Equity Tier 1 capital before regulatory adjustments	<u>44,795,327</u>	<u>35,876,078</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(3,934,802)	(3,555,075)
Intangible assets	(1,205,099)	(1,029,540)
Deferred tax assets	(1,282,904)	(903,392)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,948,651)
Regulatory reserve	(129,196)	(129,196)
Others	52,342	(147)
Common Equity Tier 1 capital after regulatory adjustments	<u>38,295,668</u>	<u>24,310,077</u>
<b>Additional Tier 1 capital</b>		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	1,750,000	1,750,000
Qualifying capital instruments held by third parties	29,851	-
Additional Tier 1 capital before regulatory adjustments	<u>1,979,851</u>	<u>1,950,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(420,000)
Additional Tier 1 capital after regulatory adjustments	<u>1,979,851</u>	<u>1,530,000</u>
<b>Total Tier 1 capital</b>	<u>40,275,519</u>	<u>25,840,077</u>
<b>Tier 2 capital</b>		
Subordinated obligations	6,800,000	6,800,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	239,953	-
Surplus of eligible provisions over expected loss	907,105	676,117
General provision ^	754,863	323,734
Tier 2 capital before regulatory adjustments	<u>8,731,661</u>	<u>7,829,591</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,445,967)
<b>Total Tier 2 capital</b>	<u>8,731,661</u>	<u>5,383,624</u>
<b>Total capital</b>	<u>49,007,180</u>	<u>31,223,701</u>

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 51 Capital adequacy (Continued)

#### 31 December 2021 - Basel III (Continued)

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	15.109%	15.701%	N/A	N/A
Tier 1 ratio	15.875%	15.701%	N/A	N/A
Total capital ratio	18.853%	21.797%	17.525%	112.477%

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

^ The total capital of the Group and the Bank has excluded general provision/portfolio impairment allowance on impaired loans restricted from Tier 2 capital of RM368 million (2021: RM398 million) and RM212 million (2021: RM176 million) respectively.

### 52 Significant events

#### 52.1 Significant events during the financial year

##### (a) Full redemption of bonds

The full redemptions during the financial year are as follows:

- (i) On 8 March 2022, the Bank redeemed its USD15 million 5-year senior floating rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014 as disclosed in Note 30(b).
- (ii) On 15 March 2022, the Bank redeemed its USD500 million 5-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014 as disclosed in Note 30(c).
- (iii) On 18 May 2022, the Bank redeemed its RM1 billion 5-year senior medium term notes issued under its RM20 billion Senior Medium Term Note Programme as disclosed in Note 30(e).
- (iv) On 15 November 2022, the 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 as disclosed in Note 30(k).

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **52 Significant events (Continued)**

#### **52.1 Significant events during the financial year (Continued)**

##### **(b) Full redemption of subordinated obligations**

On 30 November 2022, the Bank redeemed its existing RM1.5 billion Tier 2 subordinated debt issued under Basel III subordinated debt programme on the first call date as disclosed in Note 32(a).

##### **(c) Issuance of bonds**

On 20 January 2022, the 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 as disclosed in Note 30(q).

##### **(d) Rights issue and share issuance at the Bank**

On 20 June 2022, the 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 as disclosed in Note 34.

On 10 November 2022, the Bank issued 137.3 million ordinary shares at RM5.84 per share. The issuance has resulted in an increase in ordinary shares of RM802.0 million as disclosed in Note 34.

##### **(e) Issuance of subordinated obligations**

Issuance during the financial year are as follows:

- (i) On 8 September 2022, the Bank issued RM1.5 billion 10 years non-callable 5 years Tier 2 Sukuk Wakalah to CIMB Group 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 as disclosed in Note 32(m).
- (ii) On 2 December 2022, the Bank issued RM1.0 billion 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah to CIMB Group 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 as disclosed in Note 32(n).

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **52 Significant events (Continued)**

#### **52.1 Significant events during the financial year (Continued)**

##### **(f) 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 43.

#### **52.2 Significant event 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 Bank issued RM400 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah to CIMB Group 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.

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **53 Critical accounting estimates and judgements in applying accounting policies**

The Group and the Bank 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 Bank'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.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 53 Critical accounting estimates and judgements in applying accounting policies (Continued)

(a) *Expected credit loss allowance on financial assets at amortised cost and FVOCI (Continued)*

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 56.1 *Credit risk measurement* for details on the key judgements and assumptions of the estimation of expected credit loss allowance for financial assets at amortised cost and FVOCI.

(b) *Goodwill impairment*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M of the Summary of Significant 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 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 20 for details of these assumptions and the potential impact of changes to the assumptions. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 53 Critical accounting estimates and judgements in applying accounting policies (Continued)

#### (b) Goodwill impairment (Continued)

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 and the Bank'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, judgment is required to establish fair values. The judgments 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 56.4.

#### (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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **54 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.

#### **(i) Business segment reporting**

##### Definition of segments

The Group has four major operation divisions that form the basis on which the Group reports its segment information.

##### *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.

##### *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.



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **54 Segment reporting (Continued)**

#### **(i) Business segment reporting (Continued)**

##### *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.

##### *CIMB Digital Assets & Group Funding*

CIMB Digital Assets 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.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)**

2022 Group	Consumer	Commercial	Wholesale	CIMB Digital	Total
	Banking	Banking	Banking	Assets & Group	
	RM'000	RM'000	RM'000	Funding	RM'000
Net interest income - after modification loss					
- external	4,159,018	894,981	1,587,738	1,535,488	8,177,225
- inter-segment	(479,143)	648,413	366,460	(535,730)	-
	<u>3,679,875</u>	<u>1,543,394</u>	<u>1,954,198</u>	<u>999,758</u>	<u>8,177,225</u>
Income from Islamic banking operations	1,669,931	764,940	603,653	206,119	3,244,643
Net non-interest income	<u>1,196,835</u>	<u>465,886</u>	<u>951,867</u>	<u>266,635</u>	<u>2,881,223</u>
	<u>6,546,641</u>	<u>2,774,220</u>	<u>3,509,718</u>	<u>1,472,512</u>	<u>14,303,091</u>
Overheads	(3,265,604)	(1,124,955)	(1,610,544)	(711,429)	(6,712,532)
of which:					
Depreciation of property, plant and equipment	(62,960)	(2,938)	(11,046)	(90,621)	(167,565)
Amortisation of intangible assets	<u>(96,120)</u>	<u>(9,075)</u>	<u>(52,313)</u>	<u>(288,928)</u>	<u>(446,436)</u>
Profit before expected credit losses	3,281,037	1,649,265	1,899,174	761,083	7,590,559
Expected credit losses on loans, advances and financing	(699,831)	(170,223)	(111,746)	(133,566)	(1,115,366)
Expected credit losses for commitments and contingencies	155,641	(1,954)	(124,153)	126	29,660
Other expected credit losses and impairment allowances	<u>(327,539)</u>	<u>(9,631)</u>	<u>226,958</u>	<u>(5,434)</u>	<u>(115,646)</u>
Segment results	<u>2,409,308</u>	<u>1,467,457</u>	<u>1,890,233</u>	<u>622,209</u>	<u>6,389,207</u>
Share of results of joint venture	16,749	-	-	-	16,749
Taxation and zakat					(2,241,736)
Net profit after taxation					<u>4,164,220</u>

2022 Group	Consumer	Commercial	Wholesale	CIMB Digital	Total
	Banking	Banking	Banking	Assets & Group	
	RM'000	RM'000	RM'000	Funding	RM'000
Segment assets	192,742,454	49,341,666	237,325,319	79,605,014	559,014,453
Unallocated assets					14,961,276
<b>Total assets</b>					<u>573,975,729</u>
Segment liabilities	141,596,236	68,775,847	254,718,630	41,023,863	506,114,576
Unallocated liabilities					18,946,023
<b>Total liabilities</b>					<u>525,060,599</u>
<b>Other segment items</b>					
Capital expenditure	175,808	12,155	60,187	393,848	641,998
Investment in joint venture	<u>162,906</u>	-	-	-	<u>162,906</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)**

<b>2021 Group</b>	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>CIMB Digital Assets &amp; Group Funding RM'000</b>	<b>Total RM'000</b>
Net interest income					
- external	3,850,018	887,181	1,741,502	1,245,293	7,723,994
- inter-segment	(225,434)	508,824	492,054	(775,444)	-
	<u>3,624,584</u>	<u>1,396,005</u>	<u>2,233,556</u>	<u>469,849</u>	<u>7,723,994</u>
Income from Islamic banking operations	1,347,433	631,273	460,052	425,534	2,864,292
Net non-interest income	<u>1,196,685</u>	<u>400,234</u>	<u>940,447</u>	<u>238,222</u>	<u>2,775,588</u>
	6,168,702	2,427,512	3,634,055	1,133,605	13,363,874
Overheads	(3,179,672)	(1,117,543)	(1,599,345)	(865,331)	(6,761,891)
of which:					
Depreciation of property, plant and equipment	(63,200)	(2,683)	(12,626)	(71,171)	(149,680)
Amortisation of intangible assets	(86,686)	(4,669)	(46,132)	(459,117)	(596,604)
	<u>2,989,030</u>	<u>1,309,969</u>	<u>2,034,710</u>	<u>268,274</u>	<u>6,601,983</u>
Expected credit losses on loans, advances and financing	(742,413)	(272,766)	(500,962)	(53,231)	(1,569,372)
Expected credit losses for commitments and contingencies	(44,579)	(7,071)	(24,507)	(392)	(76,549)
Other expected credit losses and impairment allowances	(392,285)	(1,715)	(72,806)	(17,204)	(484,010)
Impairment of goodwill	(397,339)	(259,652)	(462,737)	(95,469)	(1,215,197)
	<u>1,412,414</u>	<u>768,765</u>	<u>973,698</u>	<u>101,978</u>	<u>3,256,855</u>
Segment results	1,412,414	768,765	973,698	101,978	3,256,855
Share of results of joint venture	10,999	-	-	-	10,999
Taxation and zakat					(969,079)
Net profit after taxation					<u>2,298,775</u>

<b>2021 Group</b>	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>CIMB Digital Assets &amp; Group Funding RM'000</b>	<b>Total RM'000</b>
Segment assets	179,786,162	45,229,263	216,481,082	69,903,802	511,400,309
Unallocated assets					13,370,080
<b>Total assets</b>					<u>524,770,389</u>
Segment liabilities	134,234,352	61,538,473	237,139,996	32,938,692	465,851,513
Unallocated liabilities					13,105,229
<b>Total liabilities</b>					<u>478,956,742</u>
<b>Other segment items</b>					
Capital expenditure	161,965	7,551	52,056	429,529	651,101
Investment in joint venture	151,157	-	-	-	151,157

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)***Basis of pricing for inter-segment transfers:*

Intersegmental charges are computed on the interest-bearing assets and liabilities of each business segment with rates applied based on the interest yield curve according to the term structure of maturity.

**(ii) Geographic segment reporting**

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Overseas operations, which include branch and subsidiary operations in Thailand, Cambodia, Singapore, United Kingdom, Hong Kong, Shanghai, Philippines and Vietnam. The overseas operations are involved mainly in corporate lending and borrowing activities. With the exception of Malaysia, Singapore and Thailand, no other individual country contributed more than 10% of the net interest income or of total assets.

	2022			
	Net interest income	Total non-current assets	Total assets	Total liabilities
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Malaysia	5,615,432	5,862,902	412,516,121	374,180,600
Thailand	1,241,980	303,130	62,960,383	57,208,562
Singapore	848,268	246,043	81,384,254	77,317,444
Overseas operations	471,545	225,529	17,114,971	16,353,993
	<b>8,177,225</b>	<b>6,637,604</b>	<b>573,975,729</b>	<b>525,060,599</b>
	2021			
	Net interest income	Total non-current assets	Total assets	Total liabilities
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Malaysia	5,436,149	5,894,952	387,619,295	354,762,890
Thailand	1,289,657	315,449	49,828,149	44,477,978
Overseas operations	998,188	445,077	87,322,945	79,715,874
	<b>7,723,994</b>	<b>6,655,478</b>	<b>524,770,389</b>	<b>478,956,742</b>

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 55 Non-current assets held for sale

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets held for sale:</b>				
- Property plant and equipment	7,471	17,195	7,471	17,195
- Right-of-use assets	-	2,400	-	2,400
Total non-current assets held for sale	<u>7,471</u>	<u>19,595</u>	<u>7,471</u>	<u>19,595</u>

Property, plant and equipment of the Group and the Bank 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.

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management

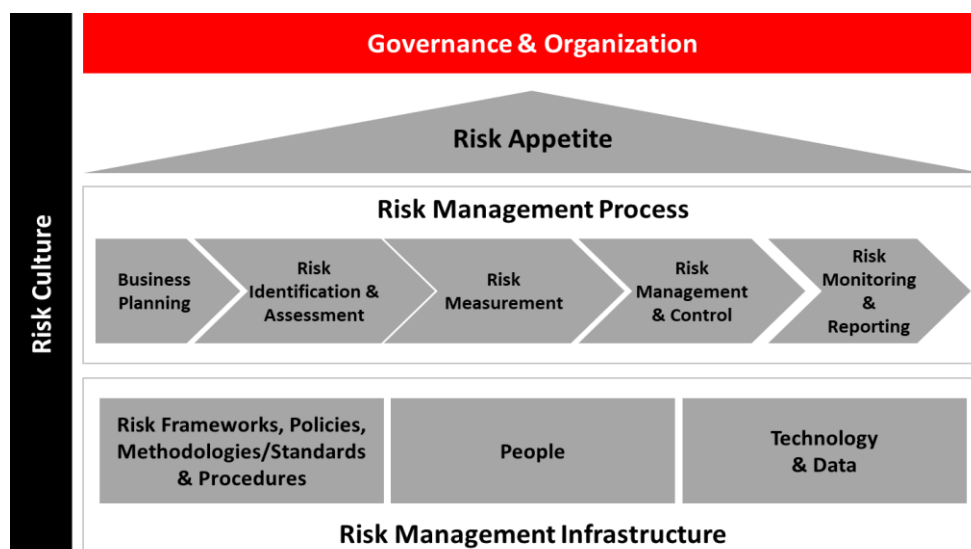
#### (a) Financial risk management objectives and policies

The Group embraces risk management as an integral part of the Group’s strategy, business, operations and decision-making processes. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the strategy discussion and risk-taking process by providing independent inputs, including relevant valuations and scenario analysis, credit evaluations, new product assessments and quantification of capital requirements and risk return analysis/simulations. These inputs enable the business units to assess the risk-vs-reward of their propositions.

#### (b) Enterprise Wide Risk Management Framework (EWRM)

The Group employs a Group Enterprise-Wide Risk Management (EWRM) framework as a standardised approach to effectively manage its risks and opportunities. The Group EWRM framework provides the Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

The key components of the Group’s EWRM framework are represented in the diagram below:



# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **(b) Enterprise Wide Risk Management Framework (Continued)**

The design of the Group's EWRM framework incorporates a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach.

The key features of the Group's 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.

ii) Governance & Organisation

A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies, methodologies/standards, and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively implemented.

iii) Risk Appetite

It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

iv) Risk Management Process

- **Business Planning:** Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture 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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **(b) Enterprise Wide Risk Management Framework (Continued)**

##### iv) Risk Management Process (Continued)

- 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.



# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **(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 & 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. Each BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the Group Risk & Compliance Committee (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, comprised of 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 (GCC), Group Market and Conduct Risk Committee (GMCRC), 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;

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **(c) Risk Governance (Continued)**

- (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; and
- (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 the Group may suffer arising from failure to comply with Shariah requirements determined by Shariah Advisory Council (SAC) of BNM and Securities Commissions (SC), including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA; or decisions or advice by Board Shariah Committee (BSC) of CIMB Islamic Bank; or other Shariah regulatory authorities of the jurisdictions in which the Group operates.
- (xi) Sustainability risk, defined as the risk of financial and non-financial impact arising from environmental, social and ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group's own internal operations and employees.

# CIMB Bank Berhad

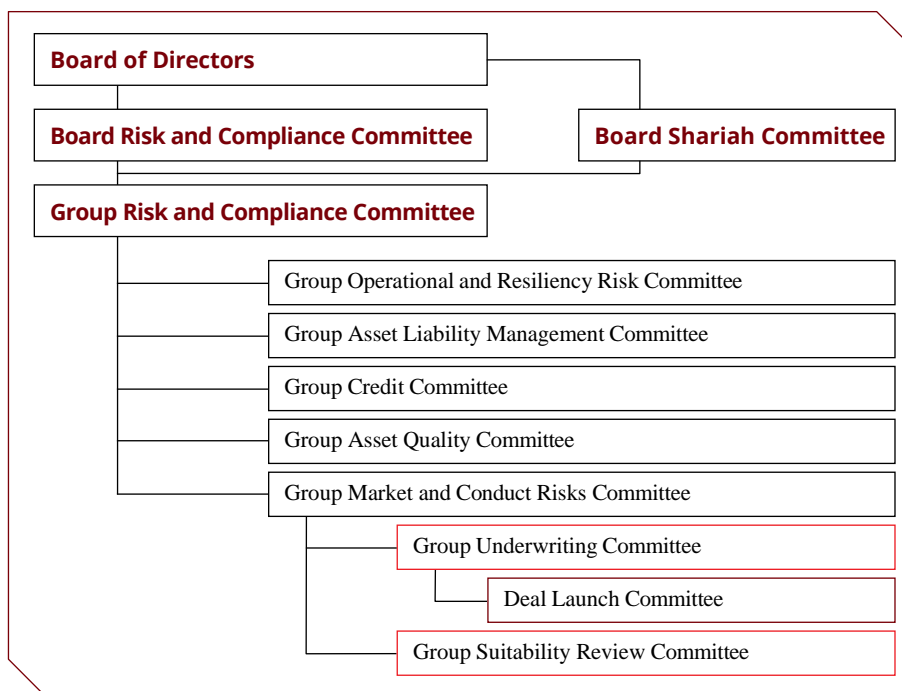
(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### (c) Risk Governance (Continued)

The structure of CIMB Group Risk Committees is depicted as follows:



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 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **(c) Risk Governance (continued)**

##### ***Three Lines-of-Defence***

The Group's risk management culture is embodied through the adoption of the Three Lines-of-Defence philosophy, whereby risks are managed initially from the onset of risk-taking activities. This is to ensure clear accountability of risks across the Group and Group Risk as an enabler of business units. As a first line-of-defence, the line management (including key Business Pillars and Enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line-of-defence provides oversight and performs independent monitoring of business activities with reporting to the Board and management to ensure that the Group conducts business and operates within the approved appetite, and is in compliance with regulations. The third line-of-defence is Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

##### ***The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD)***

Within the second line-of-defence is GRD, a function independent of business units that assists the Group's management and stakeholders in the monitoring and controlling of risk exposures within the Board-approved risk appetite statement.

GRD 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **(c) Risk Governance (continued)**

##### *The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (Continued)*

The organisational structure of Group Risk is made up of two major components, namely the CRO and the Risk Centres of Excellence (CoE):

##### *a) CRO*

- The Group 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.

##### *b) 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 and Fraud Risk Management), Enterprise Risk and Infrastructure CoEs.

##### *(i) 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.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### (c) Risk Governance (Continued)

##### *The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (Continued)*

##### *b) Risk Centres of Excellence (Continued)*

##### (i) 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)

##### (ii) 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.

##### (iii) 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.

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### (c) Risk Governance (Continued)

##### *The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (Continued)*

##### *b) Risk Centres of Excellence (Continued)*

##### (iii) Non-Financial Risk Management CoE (Continued)

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.

##### (iv) 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **Strategies and Processes for Various Risk Management**

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

#### **56.1 Credit risk**

Credit risk is defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support clients' obligations to third parties, e.g. guarantees or kafalah contracts. In derivatives, sales and trading activities, credit risk arises from the possibility that the Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

#### **Credit Risk Management**

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the Three Lines-of-Defence model on risk management where risks are managed initially from the onset of risk-taking activities, the Group implemented the risk-based delegated authority framework. This promotes clarity of risk accountability whereby the business unit, being the first line-of-defence, manages risk in a proactive manner with Group Risk being independent from the business units, 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.



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **Credit Risk Management (Continued)**

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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **Credit Risk Management (continued)**

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors is made available. The exposures are actively monitored, reviewed on a regular basis and reported regularly to 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 the 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 sustainable financing approach integrates environmental, social and economic/ethical considerations, including climate-related physical and transition risks, into the credit risk assessment process for the 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).

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **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.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### Credit Risk Mitigation (Continued)

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 the 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).

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

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 and 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.

##### 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).

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

##### (i) Significant increase in credit risk (SICR) (Continued)

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 classified a loan, advances and financing as credit impaired when it meets one or more of the following criteria:

- (a) Where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months;
- (b) In the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- (c) Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Group's internal credit risk rating framework; or
- (d) As soon as a default occurs where the principal and /or interest/profit repayments/payments are scheduled on intervals of 3 months or longer.

For the purpose of ascertaining the period in arrears:

- Repayment/payment on each of the instalment amount must be made in full. A partial repayment/payment made on an instalment amount shall be deemed to be still in arrears; and
- Where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise due to specific and exceptional circumstances as set in the Group's internal policy, the determination of period in arrears shall exclude the moratorium period granted.

##### (e) Force Impaired Credit Facilities

The credit facility is force impaired due to various reasons, 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.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

(ii) Definition of credit impaired (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.

##### 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 Group Asset Quality Committee 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).

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

###### (iii) Definition of default (Continued)

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.

##### 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/profit rate or an approximation thereof.



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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

##### (iv) Measuring ECL - inputs, assumptions and estimation techniques (Continued)

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.

##### 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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

##### **(iv) Measuring ECL - inputs, assumptions and estimation techniques (Continued)**

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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

- (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.

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 Bank 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 while all other variables remain constant. The sensitivity factors used are derived based on expected standard deviation determined for each key economic variables to assess the impact on the ECL of the Group and the Bank.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 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:**

	<b>Changes (+/- bps) 2022</b>	<b>Changes (+/- bps) 2021</b>
GDP growth	50	100
Equity market index	5 - 100	5 - 50
Housing Price Index (HPI)	100	150
Overnight policy rate (OPR)	50	50
Exchange Rate	10 - 50	10 - 50
Interbank rate	20	20
Crude oil price	100	100
Consumer Price Index, CPI*	50	50
Minimum Loan Rate*	50	50
Private investment*	-	50
Imports*	50	-
Lending indicator*	50	50

\* applicable for the Group only

	<b>The Group</b>			
	<b>(Writeback)/made RM'000</b>		<b>(Writeback)/made RM'000</b>	
	<b>2022</b>		<b>2021</b>	
	+	-	+	-
Impact on expected credit losses	<b>63,977</b>	<b>(56,130)</b>	<b>(20,364)</b>	<b>21,256</b>

	<b>The Bank</b>			
	<b>(Writeback)/made RM'000</b>		<b>(Writeback)/made RM'000</b>	
	<b>2022</b>		<b>2021</b>	
	+	-	+	-
Impact on expected credit losses	<b>62,360</b>	<b>(54,686)</b>	<b>(5,284)</b>	<b>9,694</b>

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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

- (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 Modelling team.

##### **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 and the Bank may write-off loan or debt instruments that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off for the Group and the Bank during the year ended 31 December 2022 were RM3,858 million and RM3,541 million respectively (2021: RM949 million and RM569 million respectively).

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

##### **Write off policy (Continued)**

##### 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 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 monitors the subsequent performance of modified assets. The Group 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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **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 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 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.1 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 Bank 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 and the Bank 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.

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial guarantees	<b>5,880,757</b>	4,739,862	<b>4,381,350</b>	3,506,745
Credit related commitments and contingencies	<b>122,597,172</b>	80,003,909	<b>89,984,850</b>	63,410,469
	<b>128,477,929</b>	84,743,771	<b>94,366,200</b>	66,917,214

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 and the Bank is 63.0% (2021: 70.9%) and 61.2% (2021: 63.1%) respectively while the financial effect of collateral for derivatives for the Group and the Bank is 86.9% (2021: 82.3%) and 72.3% (2021: 71.8%) respectively. 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 and the Bank is 83.2% (2021: 74.6%) and 76.3% (2021: 61.6%) respectively.



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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### 56.1.2 Offsetting financial assets and financial liabilities

###### (a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements – by type

	The Group						The Bank					
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position		
	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2022</b>												
<b>Financial assets</b>												
Reverse repurchase agreements/reverse												
Collateralised Commodity Murabahah	9,607,095	-	9,607,095	(1,473,583)	(8,037,433)	96,079	8,370,639	-	8,370,639	(1,473,583)	(6,846,155)	50,901
Derivatives	17,793,200	-	17,793,200	(10,788,153)	(3,918,255)	3,086,792	8,160,302	-	8,160,302	(5,106,934)	(874,036)	2,179,332
Share margin financing	50,346	-	50,346	-	(49,164)	1,182	50,346	-	50,346	-	(49,164)	1,182
Amount due from brokers	19,655	(9,278)	10,377	-	-	10,377	19,655	(9,278)	10,377	-	-	10,377
<b>Total</b>	<b>27,470,296</b>	<b>(9,278)</b>	<b>27,461,018</b>	<b>(12,261,736)</b>	<b>(12,004,852)</b>	<b>3,194,430</b>	<b>16,600,942</b>	<b>(9,278)</b>	<b>16,591,664</b>	<b>(6,580,517)</b>	<b>(7,769,355)</b>	<b>2,241,792</b>
<b>2021</b>												
<b>Financial assets</b>												
Reverse repurchase agreements	5,414,051	-	5,414,051	(146,513)	(5,011,917)	255,621	4,962,362	-	4,962,362	(146,513)	(4,578,877)	236,972
Derivatives	11,827,855	-	11,827,855	(7,203,252)	(1,747,043)	2,877,560	6,181,857	-	6,181,857	(4,047,443)	(302,292)	1,832,122
Share margin financing	63,946	-	63,946	-	(59,156)	4,790	63,946	-	63,946	-	(59,156)	4,790
Amount due from brokers	174,674	(28,285)	146,389	-	-	146,389	174,674	(28,285)	146,389	-	-	146,389
<b>Total</b>	<b>17,480,526</b>	<b>(28,285)</b>	<b>17,452,241</b>	<b>(7,349,765)</b>	<b>(6,818,116)</b>	<b>3,284,360</b>	<b>11,382,839</b>	<b>(28,285)</b>	<b>11,354,554</b>	<b>(4,193,956)</b>	<b>(4,940,325)</b>	<b>2,220,273</b>

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### 56.1.2 Offsetting financial assets and financial liabilities (Continued)

#### (b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements – by type

	The Group						The Bank					
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position		
	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2022</b>												
<u>Financial liabilities</u>												
Repurchase agreements/												
Collateralised Commodity Murabahah	34,456,301	-	34,456,301	(34,455,433)	3,370	4,238	30,033,769	-	30,033,769	(30,033,769)	3,370	3,370
Derivatives	17,267,265	-	17,267,265	(10,778,999)	(1,997,292)	4,490,974	7,803,618	-	7,803,618	(5,108,679)	(378,793)	2,316,146
<b>Total</b>	<b>51,723,566</b>	<b>-</b>	<b>51,723,566</b>	<b>(45,234,432)</b>	<b>(1,993,922)</b>	<b>4,495,212</b>	<b>37,837,387</b>	<b>-</b>	<b>37,837,387</b>	<b>(35,142,448)</b>	<b>(375,423)</b>	<b>2,319,516</b>
<b>2021</b>												
<u>Financial liabilities</u>												
Repurchase agreements/												
Collateralised Commodity Murabahah	28,815,159	-	28,815,159	(28,722,952)	-	92,207	25,199,077	-	25,199,077	(25,189,132)	-	9,945
Derivatives	10,807,410	-	10,807,410	(7,037,323)	(1,539,903)	2,230,184	5,597,918	-	5,597,918	(4,025,674)	(244,949)	1,327,295
<b>Total</b>	<b>39,622,569</b>	<b>-</b>	<b>39,622,569</b>	<b>(35,760,275)</b>	<b>(1,539,903)</b>	<b>2,322,391</b>	<b>30,796,995</b>	<b>-</b>	<b>30,796,995</b>	<b>(29,214,806)</b>	<b>(244,949)</b>	<b>1,337,240</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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:

<b>The Group 2022</b>	<b>Malaysia RM'000</b>	<b>Indonesia RM'000</b>	<b>Thailand RM'000</b>	<b>Singapore RM'000</b>	<b>United States RM'000</b>	<b>United Kingdom RM'000</b>	<b>Hong Kong RM'000</b>	<b>China RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Cash and short-term funds	23,035,623	52,438	171,154	1,696,770	2,268,022	1,355,215	887,078	968,466	3,096,777	33,531,543
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	2,795,249	1,505	733,250	3,914,999	12,641	775,611	22,619	16,953	1,334,268	9,607,095
Deposits and placements with banks and other financial institutions	1,205,659	-	-	254,791	-	-	176,219	442,511	576,565	2,655,745
Financial investments at fair value through profit or loss	12,832,892	176,489	2,889,094	10,447,416	68,298	48,490	5,502	158,284	1,495,351	28,121,816
Debt instruments at fair value through other comprehensive income	32,418,551	1,255,465	8,573,977	2,895,425	-	621,943	947,726	596,956	1,162,245	48,472,288
Debt instruments at amortised cost	45,805,544	424,420	4,620,627	7,388,765	-	-	-	27,211	72,940	58,339,507
Derivative financial instruments	2,191,004	29,838	8,014,773	794,837	23,733	4,819,653	280,046	12,825	1,626,491	17,793,200
Loans, advances and financing	247,998,260	2,129,988	31,900,722	36,202,546	689,733	4,659,554	1,410,016	3,271,899	12,567,243	340,829,961
Other assets	2,308,490	101,171	2,674,019	776,427	289,763	794,353	38,818	3,663	902,586	7,889,290
Amounts due from holding company and ultimate holding company	13,555	-	-	-	-	-	-	-	-	13,555
Amounts due from related companies	2,944,275	1,787	1,463	1,597	-	-	-	-	3	2,949,125
Financial guarantees	2,964,356	49,394	31,772	1,560,193	-	13,683	-	11,380	1,249,979	5,880,757
Credit related commitments and contingencies	99,384,882	521,627	4,351,723	11,324,370	10,473	1,734,073	917,915	2,897,955	1,454,154	122,597,172
<b>Total credit exposures</b>	<b>475,898,340</b>	<b>4,744,122</b>	<b>63,962,574</b>	<b>77,258,136</b>	<b>3,362,663</b>	<b>14,822,575</b>	<b>4,685,939</b>	<b>8,408,103</b>	<b>25,538,602</b>	<b>678,681,054</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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	Indonesia	Thailand	Singapore	United	United	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	States RM'000	Kingdom RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	22,672,516	21,161	87,728	783,209	1,474,659	1,851,894	1,030,990	478,424	3,044,771	31,445,352
Reverse repurchase agreements	985,657	2,547	451,689	1,210,629	10,505	598,888	147,285	23,710	1,983,141	5,414,051
Deposits and placements with banks and other financial institutions	2,093,529	-	-	236,988	-	-	72,204	137,677	1,016,419	3,556,817
Financial investments at fair value through profit or loss	16,343,383	125,429	3,942,001	9,318,127	233,563	270,106	183,170	272,548	5,191,743	35,880,070
Debt instruments at fair value through other comprehensive income	32,766,832	1,218,049	7,330,985	2,382,644	14,090	514,422	885,700	481,912	879,523	46,474,157
Debt instruments at amortised cost	40,763,908	478,011	2,990,832	5,986,898	-	-	-	155,760	103,994	50,479,403
Derivative financial instruments	1,981,518	25,710	4,912,503	626,529	1,837	2,736,649	537,979	23,173	981,957	11,827,855
Loans, advances and financing	232,263,671	1,582,826	29,626,664	31,743,885	437,236	3,788,381	1,221,872	3,269,250	10,044,794	313,978,579
Other assets	1,814,885	135,936	2,167,352	944,012	269,439	472,359	84,256	3,763	738,575	6,630,577
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	-	-	15,909
Amounts due from related companies	2,139,780	870	2,696	2,036	-	-	-	-	3	2,145,385
Financial guarantees	2,951,324	16,817	84,080	419,588	-	13,532	388	22,536	1,231,597	4,739,862
Credit related commitments and contingencies	67,988,994	546,209	1,066,259	7,132,484	14,415	283,876	1,109,279	540,033	1,322,360	80,003,909
<b>Total credit exposures</b>	<b>424,781,906</b>	<b>4,153,565</b>	<b>52,662,789</b>	<b>60,787,029</b>	<b>2,455,744</b>	<b>10,530,107</b>	<b>5,273,123</b>	<b>5,408,786</b>	<b>26,538,877</b>	<b>592,591,926</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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 as follows: (Continued)

<b>The Bank 2022</b>	<b>Malaysia RM'000</b>	<b>Indonesia RM'000</b>	<b>Thailand RM'000</b>	<b>Singapore RM'000</b>	<b>United States RM'000</b>	<b>United Kingdom RM'000</b>	<b>Hong Kong RM'000</b>	<b>China RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Cash and short-term funds	9,802,920	51,256	29,251	1,695,507	1,793,647	1,253,299	821,166	968,430	2,066,883	18,482,359
Reverse repurchase agreements	2,292,043	1,505	-	3,914,999	12,641	775,611	22,619	16,953	1,334,268	8,370,639
Deposits and placements with banks and other financial institutions	5,710,468	-	-	254,741	-	-	132,074	442,511	529,476	7,069,270
Investment account placement	3,576,590	-	-	-	-	-	-	-	-	3,576,590
Financial investments at fair value through profit or loss	10,790,716	176,489	37,720	10,447,416	68,298	48,490	5,502	158,284	1,495,351	23,228,266
Debt instruments at fair value through other comprehensive income	27,066,159	1,255,465	160,188	2,895,425	-	621,943	947,726	596,956	1,162,245	34,706,107
Debt instruments at amortised cost	37,536,515	424,420	1,162,861	7,388,765	-	-	-	27,211	232,808	46,772,580
Derivative financial instruments	2,496,390	29,838	237,663	734,228	23,725	3,355,150	279,815	12,825	990,668	8,160,302
Loans, advances and financing	140,120,862	2,129,988	2,286,201	36,202,546	689,733	4,659,554	1,410,016	3,271,899	7,338,470	198,109,269
Other assets	2,371,111	101,126	61,945	827,076	289,763	502,955	38,818	3,663	793,997	4,990,454
Amounts due from holding company and ultimate holding company	13,544	-	-	-	-	-	-	-	-	13,544
Amounts due from subsidiaries	5,603	-	1,011	-	-	-	-	-	417	7,031
Amounts due from related companies	2,943,980	847	-	1,597	-	-	-	-	3	2,946,427
Financial guarantees	2,627,015	49,394	-	1,560,193	-	13,683	-	11,380	119,685	4,381,350
Credit related commitments and contingencies	71,780,141	500,328	11,507	11,288,212	10,473	1,733,633	917,915	2,894,252	848,389	89,984,850
<b>Total credit exposures</b>	<b>319,134,057</b>	<b>4,720,656</b>	<b>3,988,347</b>	<b>77,210,705</b>	<b>2,888,280</b>	<b>12,964,318</b>	<b>4,575,651</b>	<b>8,404,364</b>	<b>16,912,660</b>	<b>450,799,038</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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 Bank 2021	Malaysia	Indonesia	Thailand	Singapore	United	United	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	States RM'000	Kingdom RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	12,081,624	20,038	62,404	781,270	955,050	1,785,030	1,022,297	477,451	1,967,335	19,152,499
Reverse repurchase agreements	985,657	2,547	-	1,210,629	10,505	598,888	147,285	23,710	1,983,141	4,962,362
Deposits and placements with banks and other financial institutions	2,215,924	-	-	238,949	-	-	72,215	137,677	770,010	3,434,775
Investment account placement	3,919,753	-	-	-	-	-	-	-	-	3,919,753
Financial investments at fair value through profit or loss	11,143,293	125,429	17,210	9,318,127	233,563	270,106	183,170	272,548	5,169,444	26,732,890
Debt instruments at fair value through other comprehensive income	27,733,519	1,218,049	1,007,000	2,382,644	14,090	514,422	885,700	481,912	843,925	35,081,261
Debt instruments at amortised cost	33,003,487	478,011	1,162,357	5,986,898	-	-	-	155,760	260,869	41,047,382
Derivative financial instruments	2,043,844	25,708	52,038	588,175	1,837	2,261,386	528,254	23,173	657,442	6,181,857
Loans, advances and financing	141,319,458	1,580,872	3,395,768	31,743,885	437,236	3,788,381	1,221,872	3,269,250	5,955,465	192,712,187
Other assets	1,714,422	135,758	107,816	1,021,510	269,439	355,343	84,256	3,763	559,310	4,251,617
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	-	-	15,909
Amounts due from subsidiaries	7,064	-	1,144	-	-	-	-	-	1,074	9,282
Amounts due from related companies	2,139,278	847	-	2,036	-	-	-	-	3	2,142,164
Financial guarantees	2,705,177	16,817	83,139	419,588	-	13,532	388	22,536	245,568	3,506,745
Credit related commitments and contingencies	52,939,570	525,219	3,680	7,116,482	14,415	282,026	1,109,279	537,751	882,047	63,410,469
<b>Total credit exposures</b>	<b>293,967,979</b>	<b>4,129,295</b>	<b>5,892,556</b>	<b>60,810,193</b>	<b>1,936,135</b>	<b>9,869,114</b>	<b>5,254,716</b>	<b>5,405,531</b>	<b>19,295,633</b>	<b>406,561,152</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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 items recognised in the statements of financial position 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 financial assets * RM'000	Total RM'000
Primary agriculture	-	-	-	-	254,677	55,108	2,942	8,219,773	-	8,532,500
Mining and quarrying	-	-	-	16,537	452,147	743,480	76,927	3,259,172	-	4,548,263
Manufacturing	-	-	-	200,477	943,784	-	148,799	18,140,326	-	19,433,386
Electricity, gas and water supply	-	-	-	476,707	4,383,509	1,173,855	35,350	4,408,696	-	10,478,117
Construction	-	-	-	585,643	668,683	802,312	5,446	9,992,042	394	12,054,520
Transport, storage and communications	-	-	-	182,771	2,858,650	2,502,522	209,386	10,194,642	260,765	16,208,736
Education, health and others	-	-	-	-	6,623	-	527	18,765,615	-	18,772,765
Wholesale and retail trade, and restaurants and hotels	-	-	-	38,643	125,416	-	1,239	23,823,207	-	23,988,505
Finance, insurance/takaful, real estate and business activities	33,381,292	8,857,052	2,655,745	13,167,111	18,869,643	17,512,302	17,158,532	45,228,603	9,088,314	165,918,594
<u>Others</u>										
Household	-	-	-	-	-	-	367	195,045,571	-	195,045,938
Others	150,251	750,043	-	13,453,927	19,909,156	35,549,928	153,685	3,752,314	1,502,497	75,221,801
	<b>33,531,543</b>	<b>9,607,095</b>	<b>2,655,745</b>	<b>28,121,816</b>	<b>48,472,288</b>	<b>58,339,507</b>	<b>17,793,200</b>	<b>340,829,961</b>	<b>10,851,970</b>	<b>550,203,125</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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 items recognised in the statements of financial position 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 financial assets* RM'000	Total RM'000
Primary agriculture	-	-	-	92,942	293,927	-	22,249	6,742,915	-	7,152,033
Mining and quarrying	-	-	-	173,383	494,100	728,795	98,369	3,514,311	-	5,008,958
Manufacturing	-	-	-	92,035	1,016,905	-	31,100	16,411,952	1,693	17,553,685
Electricity, gas and water supply	-	-	-	428,282	4,903,501	727,828	346,867	4,861,859	35	11,268,372
Construction	-	-	-	565,471	781,184	758,516	14,168	9,411,023	374	11,530,736
Transport, storage and communications	-	-	-	100,110	2,879,910	2,243,034	182,503	6,642,130	80	12,047,767
Education, health and others	-	-	-	-	22,943	-	-	17,315,469	792	17,339,204
Wholesale and retail trade, and restaurants and hotels	-	-	-	57,716	57,586	-	7,261	22,924,325	70,881	23,117,769
Finance, insurance/takaful, real estate and business activities	31,445,352	4,703,491	3,556,817	19,552,296	15,430,041	13,941,137	10,943,389	40,375,992	7,227,514	147,176,029
<u>Others</u>										
Household	-	-	-	-	-	-	-	182,944,483	-	182,944,483
Others	-	710,560	-	14,817,835	20,594,060	32,080,093	181,949	2,834,120	1,490,502	72,709,119
	31,445,352	5,414,051	3,556,817	35,880,070	46,474,157	50,479,403	11,827,855	313,978,579	8,791,871	507,848,155

\* Other financial assets include amount due from holding company and ultimate holding company, amount due from related companies and other financial assets



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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 items recognised in the statements of financial position as at 31 December 2022 and 31 December 2021 based on the industry sectors of the counterparty are as follows:  
(Continued)

The Bank  
2022

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment account placement 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 financial assets * RM'000	Total RM'000
Primary agriculture	-	-	-	-	-	181,872	29,602	2,938	4,162,557	-	4,376,969
Mining and quarrying	-	-	-	-	16,537	379,177	241,708	38,818	2,124,851	-	2,801,091
Manufacturing	-	-	-	-	22,960	553,565	-	21,822	11,279,260	-	11,877,607
Electricity, gas and water supply	-	-	-	-	279,839	3,906,023	775,760	3,198	2,238,059	-	7,202,879
Construction	-	-	-	-	571,453	460,546	706,383	5,243	7,231,933	394	8,975,952
Transport, storage and communications	-	-	-	-	114,091	2,164,164	1,172,637	195,425	5,776,258	194	9,422,769
Education, health and others	-	-	-	-	-	-	-	-	15,256,666	-	15,256,666
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	-	284	13,883,378	-	13,883,662
Finance, insurance/takaful, real estate and business activities	18,332,108	7,620,597	7,069,270	3,576,590	12,243,977	13,320,093	16,000,457	7,782,223	31,809,496	7,384,315	125,139,126
<u>Others</u>											
Household	-	-	-	-	-	-	-	-	100,967,669	-	100,967,669
Others	150,251	750,042	-	-	9,979,409	13,740,667	27,846,033	110,351	3,379,142	572,553	56,528,448
	<b>18,482,359</b>	<b>8,370,639</b>	<b>7,069,270</b>	<b>3,576,590</b>	<b>23,228,266</b>	<b>34,706,107</b>	<b>46,772,580</b>	<b>8,160,302</b>	<b>198,109,269</b>	<b>7,957,456</b>	<b>356,432,838</b>

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

#### 56.1.3 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 items recognised in the statements of financial position as at 31 December 2022 and 31 December 2021 based on the industry sectors of the counterparty are as follows:  
(Continued)

##### The Bank 2021

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment account placement 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 financial assets <sup>*</sup> RM'000	Total RM'000
Primary agriculture	-	-	-	-	92,942	167,933	-	22,173	3,858,908	-	4,141,956
Mining and quarrying	-	-	-	-	167,980	423,543	266,397	89,646	2,232,724	-	3,180,290
Manufacturing	-	-	-	-	21,125	720,458	-	13,004	10,567,118	-	11,321,705
Electricity, gas and water supply	-	-	-	-	253,780	4,429,663	369,441	18,121	2,875,780	-	7,946,785
Construction	-	-	-	-	450,409	548,795	662,454	14,131	7,415,321	374	9,091,484
Transport, storage and communications	-	-	-	-	63,423	2,218,401	956,209	179,619	4,352,550	-	7,770,202
Education, health and others	-	-	-	-	-	-	-	-	14,412,156	-	14,412,156
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	20,854	-	5,183	15,021,265	69,531	15,116,833
Finance, insurance/takaful, real estate and business activities	19,152,499	4,251,802	3,434,775	3,919,753	14,888,579	11,715,268	13,401,036	5,765,335	28,617,728	5,570,557	110,717,332
<i>Others</i>	-	-	-	-	-	-	-	-	100,866,859	-	100,866,859
Household	-	-	-	-	-	-	-	-	100,866,859	-	100,866,859
Others	-	710,560	-	-	10,794,652	14,836,346	25,391,845	74,645	2,491,778	778,510	55,078,336
	19,152,499	4,962,362	3,434,775	3,919,753	26,732,890	35,081,261	41,047,382	6,181,857	192,712,187	6,418,972	339,643,938

\* Other financial assets include amount due from holding company and ultimate holding company, amount due from subsidiaries, amount due from related companies and other financial asset

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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 financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:

	The Group			
	2022		2021	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	66,407	3,094,791	58,776	1,433,527
Mining and quarrying	86,382	3,365,516	95,606	2,105,332
Manufacturing	750,385	11,148,402	608,267	3,728,626
Electricity, gas and water supply	505,517	6,226,127	504,222	2,982,778
Construction	691,443	8,005,443	356,091	5,921,001
Transport, storage and communications	179,993	4,527,988	169,943	2,323,766
Education, health and others	74,228	7,258,269	66,811	2,896,838
Wholesale and retail trade, and restaurants and hotels	2,746,556	10,819,872	1,561,608	6,452,736
Finance, insurance/takaful, real estate and business activities	547,857	16,284,431	1,102,957	9,704,112
<u>Others</u>				
Household	93,858	51,008,889	69,579	40,434,032
Others	138,131	857,444	146,002	2,021,161
	<b>5,880,757</b>	<b>122,597,172</b>	<b>4,739,862</b>	<b>80,003,909</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 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 financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:  
(Continued)

	The Bank			
	2022		2021	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	58,529	2,387,722	51,102	1,145,458
Mining and quarrying	82,384	3,110,033	91,929	1,962,941
Manufacturing	530,079	8,529,145	428,504	3,025,294
Electricity, gas and water supply	482,526	2,907,469	471,149	2,858,927
Construction	496,176	4,001,769	227,762	4,067,244
Transport, storage and communications	156,295	3,146,367	130,647	1,750,688
Education, health and others	70,728	6,490,398	62,768	2,030,412
Wholesale and retail trade, and restaurants and hotels	1,835,996	7,779,175	788,521	5,685,203
Finance, insurance/takaful, real estate and business activities	494,315	12,124,664	1,087,747	8,134,032
<i>Others</i>				
Household	91,385	38,722,253	69,424	30,743,901
Others	82,937	785,855	97,192	2,006,369
	<b>4,381,350</b>	<b>89,984,850</b>	<b>3,506,745</b>	<b>63,410,469</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 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 internal rating system adopted by the Group, as summarised below:

**Loans, advances and financing and loans commitment and financial guarantees**

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

**Other financial instruments**

<b>Rating classification</b>	<b>New internal rating label*</b>	<b>Previous internal rating label</b>
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/reverse Collateralised Commodity Murabahah at amortised cost, debt instruments at fair value through other comprehensive income ("FVOCI"), debt instruments at amortised cost, amount due from intercompany balances 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*

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### 56.1.4 Credit quality of financial assets (Continued)

###### (a) Financial assets using General 3-stage approach (Continued)

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 Bank.

**Satisfactory** – There is concern over the counterparty's ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

**Investment Grade** – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

**Non-investment Grade** – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

**No rating** – This includes exposures under the Standardised Approach and those where ratings are not available and portfolio average were applied.

**Impaired** – Refers to the asset that is being impaired.

**Sovereign** – refers to exposures relate to government and central bank.

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 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 (“ECL”) is recognised.

The Group 2022	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
<b>Cash and short-term fund and deposits and placement with banks and other financial institutions</b>					
Sovereign	5,702,115	-	-	-	5,702,115
Investment grade	14,661,636	-	-	-	14,661,636
Non-investment grade	117,213	-	-	-	117,213
No rating	15,708,730	-	-	-	15,708,730
<b>Gross carrying amount</b>	<b>36,189,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,189,694</b>
<b>Total ECL</b>	<b>(2,406)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,406)</b>
<b>Net carrying amount</b>	<b>36,187,288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,187,288</b>
<b>Reverse repurchase agreements/reverse Collateralised Commodity Murabahah, at amortised cost</b>					
Sovereign	131,928	-	-	-	131,928
Investment grade	1,947,259	-	-	-	1,947,259
No rating	7,527,908	-	-	-	7,527,908
<b>Gross carrying amount</b>	<b>9,607,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,607,095</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>9,607,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,607,095</b>
<b>Debt instruments at FVOCI</b>					
Sovereign	25,339,532	-	-	-	25,339,532
Investment grade	12,933,571	-	-	-	12,933,571
Non-investment grade	8,593,969	207,245	-	-	8,801,214
No rating	1,397,971	-	-	-	1,397,971
<b>Gross carrying amount*</b>	<b>48,265,043</b>	<b>207,245</b>	<b>-</b>	<b>-</b>	<b>48,472,288</b>
<b>Total ECL ^^</b>	<b>(39,831)</b>	<b>(1,229)</b>	<b>-</b>	<b>-</b>	<b>(41,060)</b>
<b>Debt instruments at amortised cost</b>					
Sovereign	51,539,149	-	-	-	51,539,149
Investment grade	2,652,622	-	-	-	2,652,622
Non-investment grade	1,955,928	492,639	-	-	2,448,567
Impaired	-	-	1,314,639	-	1,314,639
No rating	964,950	-	-	-	964,950
<b>Gross carrying amount</b>	<b>57,112,649</b>	<b>492,639</b>	<b>1,314,639</b>	<b>-</b>	<b>58,919,927</b>
<b>Total ECL</b>	<b>(5,416)</b>	<b>(3,847)</b>	<b>(571,157)</b>	<b>-</b>	<b>(580,420)</b>
<b>Net carrying amount</b>	<b>57,107,233</b>	<b>488,792</b>	<b>743,482</b>	<b>-</b>	<b>58,339,507</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2022	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
<b>Loans, advances and financing at amortised cost (i)</b>					
Good	187,913,126	27,209,566	-	-	215,122,692
Satisfactory	33,595,754	15,528,802	-	-	49,124,556
Impaired	-	-	8,147,023	5,948	8,152,971
No rating	72,312,023	3,729,757	-	-	76,041,780
<b>Gross carrying amount</b>	<b>293,820,903</b>	<b>46,468,125</b>	<b>8,147,023</b>	<b>5,948</b>	<b>348,441,999</b>
<b>Total ECL</b>	<b>(1,112,032)</b>	<b>(2,940,456)</b>	<b>(3,665,331)</b>	<b>(1,771)</b>	<b>(7,719,590)</b>
<b>Net carrying amount</b>	<b>292,708,871</b>	<b>43,527,669</b>	<b>4,481,692</b>	<b>4,177</b>	<b>340,722,409</b>
<b>Other assets</b>					
Sovereign	611,292	-	-	-	611,292
Investment grade	4,064,534	-	-	-	4,064,534
Impaired	-	-	520,019	-	520,019
No rating	2,852,265	2,000	-	-	2,854,265
<b>Gross carrying amount</b>	<b>7,528,091</b>	<b>2,000</b>	<b>520,019</b>	<b>-</b>	<b>8,050,110</b>
<b>Total ECL</b>	<b>(23,340)</b>	<b>(2,000)</b>	<b>(520,019)</b>	<b>-</b>	<b>(545,359)</b>
<b>Net carrying amount</b>	<b>7,504,751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,504,751</b>
<b>Intercompany balances</b>					
Investment grade	20,935	-	-	-	20,935
No rating	2,941,745	-	-	-	2,941,745
<b>Gross carrying amount</b>	<b>2,962,680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,962,680</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>2,962,680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,962,680</b>
<b>Loan commitments and financial guarantee contracts</b>					
Good	77,814,464	3,157,761	-	-	80,972,225
Satisfactory	6,658,038	1,395,123	-	-	8,053,161
Impaired	-	-	390,783	-	390,783
No rating	39,597,569	87,493	-	-	39,685,062
<b>Gross exposure</b>	<b>124,070,071</b>	<b>4,640,377</b>	<b>390,783</b>	<b>-</b>	<b>129,101,231</b>
<b>Total ECL</b>	<b>(202,871)</b>	<b>(123,687)</b>	<b>(296,744)</b>	<b>-</b>	<b>(623,302)</b>
<b>Net exposure</b>	<b>123,867,200</b>	<b>4,516,690</b>	<b>94,039</b>	<b>-</b>	<b>128,477,929</b>



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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2021	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
<b>Cash and short-term fund and deposits and placement with banks and other financial institutions</b>					
Sovereign	21,196,150	-	-	-	21,196,150
Investment grade	12,012,678	-	-	-	12,012,678
Non-investment grade	86,541	-	-	-	86,541
No rating	1,708,870	-	-	-	1,708,870
<b>Gross carrying amount</b>	<b>35,004,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,004,239</b>
<b>Total ECL</b>	<b>(2,070)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,070)</b>
<b>Net carrying amount</b>	<b>35,002,169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,002,169</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	1,680,246	-	-	-	1,680,246
Non-investment grade	88,168	-	-	-	88,168
No rating	3,645,637	-	-	-	3,645,637
<b>Gross carrying amount</b>	<b>5,414,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,414,051</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>5,414,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,414,051</b>
<b>Debt instruments at FVOCI</b>					
Sovereign	22,710,274	-	-	-	22,710,274
Investment grade	13,212,400	-	-	-	13,212,400
Non-investment grade	8,638,803	242,311	-	-	8,881,114
No rating	1,668,163	2,206	-	-	1,670,369
<b>Gross carrying amount*</b>	<b>46,229,640</b>	<b>244,517</b>	<b>-</b>	<b>-</b>	<b>46,474,157</b>
<b>Total ECL ^^</b>	<b>(41,101)</b>	<b>(1,748)</b>	<b>(20,849)</b>	<b>-</b>	<b>(63,698)</b>
<b>Debt instruments at amortised cost</b>					
Sovereign	44,838,686	-	-	-	44,838,686
Investment grade	3,160,689	-	-	-	3,160,689
Non-investment grade	1,279,370	517,861	-	-	1,797,231
Impaired	-	-	1,226,759	-	1,226,759
No rating	98,613	-	-	-	98,613
<b>Gross carrying amount</b>	<b>49,377,358</b>	<b>517,861</b>	<b>1,226,759</b>	<b>-</b>	<b>51,121,978</b>
<b>Total ECL</b>	<b>(1,592)</b>	<b>(31,266)</b>	<b>(609,717)</b>	<b>-</b>	<b>(642,575)</b>
<b>Net carrying amount</b>	<b>49,375,766</b>	<b>486,595</b>	<b>617,042</b>	<b>-</b>	<b>50,479,403</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2021	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
<b>Loans, advances and financing at amortised cost (i)</b>					
Good	170,116,135	28,017,439	-	-	198,133,574
Satisfactory	30,818,914	15,778,670	-	-	46,597,584
Impaired	-	-	8,545,671	7,257	8,552,928
No rating	65,204,743	3,778,944	-	-	68,983,687
<b>Gross carrying amount</b>	<b>266,139,792</b>	<b>47,575,053</b>	<b>8,545,671</b>	<b>7,257</b>	<b>322,267,773</b>
<b>Total ECL</b>	<b>(1,267,136)</b>	<b>(2,602,869)</b>	<b>(4,773,996)</b>	<b>(3,046)</b>	<b>(8,647,047)</b>
<b>Net carrying amount</b>	<b>264,872,656</b>	<b>44,972,184</b>	<b>3,771,675</b>	<b>4,211</b>	<b>313,620,726</b>
<b>Other assets</b>					
Sovereign	236,087	-	-	-	236,087
Investment grade	3,168,446	-	-	-	3,168,446
Impaired	-	-	421,871	-	421,871
No rating	2,156,885	67,712	-	-	2,224,597
<b>Gross carrying amount</b>	<b>5,561,418</b>	<b>67,712</b>	<b>421,871</b>	<b>-</b>	<b>6,051,001</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>(390,664)</b>	<b>-</b>	<b>(390,664)</b>
<b>Net carrying amount</b>	<b>5,561,418</b>	<b>67,712</b>	<b>31,207</b>	<b>-</b>	<b>5,660,337</b>
<b>Intercompany balances</b>					
Investment grade	19,474	-	-	-	19,474
Non-investment grade	30	-	-	-	30
No rating	2,141,790	-	-	-	2,141,790
<b>Gross carrying amount</b>	<b>2,161,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,161,294</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>2,161,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,161,294</b>
<b>Loan commitments and financial guarantee contracts</b>					
Good	55,908,998	2,423,103	-	-	58,332,101
Satisfactory	3,865,425	3,012,774	-	-	6,878,199
Impaired	-	-	460,496	-	460,496
No rating	19,641,918	72,106	-	-	19,714,024
<b>Gross exposure</b>	<b>79,416,341</b>	<b>5,507,983</b>	<b>460,496</b>	<b>-</b>	<b>85,384,820</b>
<b>Total ECL</b>	<b>(308,877)</b>	<b>(144,995)</b>	<b>(187,177)</b>	<b>-</b>	<b>(641,049)</b>
<b>Net exposure</b>	<b>79,107,464</b>	<b>5,362,988</b>	<b>273,319</b>	<b>-</b>	<b>84,743,771</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2022	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
<b>Cash and short-term fund and deposits and placement with banks and other financial institutions</b>					
Sovereign	5,156,873	-	-	-	5,156,873
Investment grade	13,755,842	-	-	-	13,755,842
Non-investment grade	113,709	-	-	-	113,709
No rating	6,525,804	-	-	-	6,525,804
<b>Gross carrying amount</b>	<b>25,552,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,552,228</b>
<b>Total ECL</b>	<b>(599)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(599)</b>
<b>Net carrying amount</b>	<b>25,551,629</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,551,629</b>
<b>Investment account placement</b>					
No rating	3,576,590	-	-	-	3,576,590
<b>Gross carrying amount</b>	<b>3,576,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,576,590</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>3,576,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,576,590</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Sovereign	131,928	-	-	-	131,928
Investment grade	1,214,008	-	-	-	1,214,008
No rating	7,024,703	-	-	-	7,024,703
<b>Gross carrying amount</b>	<b>8,370,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,370,639</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>8,370,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,370,639</b>
<b>Debt instruments at FVOCI</b>					
Sovereign	15,370,372	-	-	-	15,370,372
Investment grade	10,958,744	-	-	-	10,958,744
Non-investment grade	6,775,306	207,245	-	-	6,982,551
No rating	1,394,440	-	-	-	1,394,440
<b>Gross carrying amount*</b>	<b>34,498,862</b>	<b>207,245</b>	<b>-</b>	<b>-</b>	<b>34,706,107</b>
<b>Total ECL</b>	<b>(38,370)</b>	<b>(1,226)</b>	<b>-</b>	<b>-</b>	<b>(39,596)</b>
<b>Debt instruments at amortised cost</b>					
Sovereign	39,126,344	-	-	-	39,126,344
Investment grade	2,910,484	-	-	-	2,910,484
Non-investment grade	1,457,541	492,639	-	-	1,950,180
Impaired	-	-	805,694	-	805,694
No rating	2,569,116	-	-	-	2,569,116
<b>Gross carrying amount</b>	<b>46,063,485</b>	<b>492,639</b>	<b>805,694</b>	<b>-</b>	<b>47,361,818</b>
<b>Total ECL</b>	<b>(21,408)</b>	<b>(3,846)</b>	<b>(563,984)</b>	<b>-</b>	<b>(589,238)</b>
<b>Net carrying amount</b>	<b>46,042,077</b>	<b>488,793</b>	<b>241,710</b>	<b>-</b>	<b>46,772,580</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2022	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
<b>Loans, advances and financing at amortised cost (i)</b>					
Good	123,209,059	16,056,444	-	-	139,265,503
Satisfactory	10,785,976	9,254,110	-	-	20,040,086
Impaired	-	-	5,546,280	-	5,546,280
No rating	36,560,364	1,843,739	-	-	38,404,103
<b>Gross carrying amount</b>	<b>170,555,399</b>	<b>27,154,293</b>	<b>5,546,280</b>	<b>-</b>	<b>203,255,972</b>
<b>Total ECL</b>	<b>(746,781)</b>	<b>(1,774,325)</b>	<b>(2,733,149)</b>	<b>-</b>	<b>(5,254,255)</b>
<b>Net carrying amount</b>	<b>169,808,618</b>	<b>25,379,968</b>	<b>2,813,131</b>	<b>-</b>	<b>198,001,717</b>
<b>Other assets</b>					
Sovereign	473,492	-	-	-	473,492
Investment grade	2,355,817	-	-	-	2,355,817
Impaired	-	-	518,291	-	518,291
No rating	1,908,706	2,000	-	-	1,910,706
<b>Gross carrying amount</b>	<b>4,738,015</b>	<b>2,000</b>	<b>518,291</b>	<b>-</b>	<b>5,258,306</b>
<b>Total ECL</b>	<b>(9,258)</b>	<b>(2,000)</b>	<b>(518,291)</b>	<b>-</b>	<b>(529,549)</b>
<b>Net carrying amount</b>	<b>4,728,757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,728,757</b>
<b>Intercompany balances</b>					
Investment grade	17,063	-	-	-	17,063
No rating	2,949,939	-	-	-	2,949,939
<b>Gross carrying amount</b>	<b>2,967,002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,967,002</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>2,967,002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,967,002</b>
<b>Loan commitments and financial guarantee contracts</b>					
Good	59,730,620	2,638,879	-	-	62,369,499
Satisfactory	3,994,796	1,036,732	-	-	5,031,528
Impaired	-	-	289,430	-	289,430
No rating	27,079,841	79,003	-	-	27,158,844
<b>Gross exposure</b>	<b>90,805,257</b>	<b>3,754,614</b>	<b>289,430</b>	<b>-</b>	<b>94,849,301</b>
<b>Total ECL</b>	<b>(159,550)</b>	<b>(108,111)</b>	<b>(215,440)</b>	<b>-</b>	<b>(483,101)</b>
<b>Net exposure</b>	<b>90,645,707</b>	<b>3,646,503</b>	<b>73,990</b>	<b>-</b>	<b>94,366,200</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2021	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
<b>Cash and short-term fund and deposits and placement with banks and other financial institutions</b>					
Sovereign	8,934,397	-	-	-	8,934,397
Investment grade	11,119,501	-	-	-	11,119,501
Non-investment grade	84,544	-	-	-	84,544
No rating	2,450,789	-	-	-	2,450,789
<b>Gross carrying amount</b>	<b>22,589,231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,589,231</b>
<b>Total ECL</b>	<b>(1,957)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,957)</b>
<b>Net carrying amount</b>	<b>22,587,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,587,274</b>
<b>Investment account placement</b>					
No rating	3,919,753	-	-	-	3,919,753
<b>Gross carrying amount</b>	<b>3,919,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,919,753</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>3,919,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,919,753</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	1,303,150	-	-	-	1,303,150
Non-investment grade	13,575	-	-	-	13,575
No rating	3,645,637	-	-	-	3,645,637
<b>Gross carrying amount</b>	<b>4,962,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,962,362</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>4,962,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,962,362</b>
<b>Debt instruments at FVOCI</b>					
Sovereign	14,817,634	-	-	-	14,817,634
Investment grade	11,332,566	-	-	-	11,332,566
Non-investment grade	7,082,378	242,311	-	-	7,324,689
No rating	1,604,166	2,206	-	-	1,606,372
<b>Gross carrying amount*</b>	<b>34,836,744</b>	<b>244,517</b>	<b>-</b>	<b>-</b>	<b>35,081,261</b>
<b>Total ECL</b>	<b>(37,733)</b>	<b>(1,747)</b>	<b>(20,849)</b>	<b>-</b>	<b>(60,329)</b>
<b>Debt instruments at amortised cost</b>					
Sovereign	34,403,554	-	-	-	34,403,554
Investment grade	2,591,201	-	-	-	2,591,201
Non-investment grade	1,243,616	517,861	-	-	1,761,477
Impaired	-	-	764,210	-	764,210
No rating	2,188,422	-	-	-	2,188,422
<b>Gross carrying amount</b>	<b>40,426,793</b>	<b>517,861</b>	<b>764,210</b>	<b>-</b>	<b>41,708,864</b>
<b>Total ECL</b>	<b>(20,650)</b>	<b>(31,266)</b>	<b>(609,566)</b>	<b>-</b>	<b>(661,482)</b>
<b>Net carrying amount</b>	<b>40,406,143</b>	<b>486,595</b>	<b>154,644</b>	<b>-</b>	<b>41,047,382</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2021	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
<b>Loans, advances and financing at amortised cost (i)</b>					
Good	118,532,101	15,200,674	-	-	133,732,775
Satisfactory	11,239,820	9,848,272	-	-	21,088,092
Impaired	-	-	6,792,406	-	6,792,406
No rating	35,320,850	1,969,235	-	-	37,290,085
<b>Gross carrying amount</b>	<b>165,092,771</b>	<b>27,018,181</b>	<b>6,792,406</b>	<b>-</b>	<b>198,903,358</b>
<b>Total ECL</b>	<b>(817,845)</b>	<b>(1,636,641)</b>	<b>(4,094,538)</b>	<b>-</b>	<b>(6,549,024)</b>
<b>Net carrying amount</b>	<b>164,274,926</b>	<b>25,381,540</b>	<b>2,697,868</b>	<b>-</b>	<b>192,354,334</b>
<b>Other assets</b>					
Sovereign	98,287	-	-	-	98,287
Investment grade	2,273,492	-	-	-	2,273,492
Impaired	-	-	421,871	-	421,871
No rating	971,378	67,712	-	-	1,039,090
<b>Gross carrying amount</b>	<b>3,343,157</b>	<b>67,712</b>	<b>421,871</b>	<b>-</b>	<b>3,832,740</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>(390,664)</b>	<b>-</b>	<b>(390,664)</b>
<b>Net carrying amount</b>	<b>3,343,157</b>	<b>67,712</b>	<b>31,207</b>	<b>-</b>	<b>3,442,076</b>
<b>Intercompany balances</b>					
Investment grade	17,510	-	-	-	17,510
No rating	2,149,845	-	-	-	2,149,845
<b>Gross carrying amount</b>	<b>2,167,355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,167,355</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>2,167,355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,167,355</b>
<b>Loan commitments and financial guarantee contracts</b>					
Good	46,614,452	2,083,645	-	-	48,698,097
Satisfactory	1,987,719	797,808	-	-	2,785,527
Impaired	-	-	401,713	-	401,713
No rating	15,388,056	57,291	-	-	15,445,347
<b>Gross exposure</b>	<b>63,990,227</b>	<b>2,938,744</b>	<b>401,713</b>	<b>-</b>	<b>67,330,684</b>
<b>Total ECL</b>	<b>(229,474)</b>	<b>(102,855)</b>	<b>(81,141)</b>	<b>-</b>	<b>(413,470)</b>
<b>Net exposure</b>	<b>63,760,753</b>	<b>2,835,889</b>	<b>320,572</b>	<b>-</b>	<b>66,917,214</b>

\* This represents the fair value of the securities

^^ The ECL is recognised in other comprehensive income instead of in the statement of financial position as the carrying amount of debt instruments at FVOCI are equivalent to their fair value.

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2022

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
<b>12-month ECL (Stage 1)</b>	<b>3,964,949</b>	<b>238,774,377</b>	<b>5,937,653</b>	<b>1,906,643</b>	<b>2,957,565</b>	<b>1,368,703</b>	<b>6,328,804</b>	<b>32,531,863</b>	<b>50,346</b>	<b>293,820,903</b>
- Good	1,417,621	156,032,895	4,676,551	1,582,627	1,528,374	1,205,170	3,355,369	18,114,519	-	187,913,126
- Satisfactory	283,580	29,866,192	45,265	21,544	132,685	1,817	2,739,749	503,555	1,367	33,595,754
- No rating	2,263,748	52,875,290	1,215,837	302,472	1,296,506	161,716	233,686	13,913,789	48,979	72,312,023
<b>Lifetime ECL - not credit impaired (Stage 2)</b>	<b>777,688</b>	<b>40,993,362</b>	<b>690,034</b>	<b>410,325</b>	<b>454,413</b>	<b>75,592</b>	<b>337,224</b>	<b>2,729,487</b>	<b>-</b>	<b>46,468,125</b>
- Good	187,533	23,783,776	330,212	370,671	346,991	72,995	1,129	2,116,259	-	27,209,566
- Satisfactory	478,219	13,674,685	358,647	30,374	107,107	950	332,759	546,061	-	15,528,802
- No rating	111,936	3,534,901	1,175	9,280	315	1,647	3,336	67,167	-	3,729,757
<b>Lifetime ECL - credit impaired (Stage 3)</b>	<b>190,113</b>	<b>6,383,898</b>	<b>72,275</b>	<b>343,690</b>	<b>99,123</b>	<b>341</b>	<b>120,839</b>	<b>936,744</b>	<b>-</b>	<b>8,147,023</b>
- Impaired	190,113	6,383,898	72,275	343,690	99,123	341	120,839	936,744	-	8,147,023
<b>Purchase credit impaired</b>	<b>-</b>	<b>5,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,948</b>
- Impaired	-	5,948	-	-	-	-	-	-	-	5,948
<b>Total</b>	<b>4,932,750</b>	<b>286,157,585</b>	<b>6,699,962</b>	<b>2,660,658</b>	<b>3,511,101</b>	<b>1,444,636</b>	<b>6,786,867</b>	<b>36,198,094</b>	<b>50,346</b>	<b>348,441,999</b>

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2021

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance credits RM'000	Staff loans RM'000	Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
<b>12-month ECL (Stage 1)</b>	3,755,801	219,531,009	5,511,028	1,666,893	2,299,635	1,263,814	5,422,627	26,625,039	63,946	266,139,792
- Good	1,162,601	142,652,356	4,095,097	1,317,402	1,193,238	1,097,741	3,586,002	15,011,698	-	170,116,135
- Satisfactory	327,452	28,032,479	143,045	26,130	97,182	3,898	1,687,233	499,503	1,992	30,818,914
- No rating	2,265,748	48,846,174	1,272,886	323,361	1,009,215	162,175	149,392	11,113,838	61,954	65,204,743
<b>Lifetime ECL - not credit impaired (Stage 2)</b>	715,098	42,409,089	1,091,574	102,104	334,942	102,343	352,423	2,467,480	-	47,575,053
- Good	186,072	25,625,917	574,745	30,528	198,389	96,561	3,019	1,302,208	-	28,017,439
- Satisfactory	443,003	13,121,424	515,580	71,576	136,553	2,867	347,160	1,140,507	-	15,778,670
- No rating	86,023	3,661,748	1,249	-	-	2,915	2,244	24,765	-	3,778,944
<b>Lifetime ECL - credit impaired (Stage 3)</b>	213,242	6,174,049	226,896	930,445	67,626	317	86,305	846,791	-	8,545,671
- Impaired	213,242	6,174,049	226,896	930,445	67,626	317	86,305	846,791	-	8,545,671
<b>Purchase credit impaired</b>	-	7,257	-	-	-	-	-	-	-	7,257
- Impaired	-	7,257	-	-	-	-	-	-	-	7,257
<b>Total</b>	4,684,141	268,121,404	6,829,498	2,699,442	2,702,203	1,366,474	5,861,355	29,939,310	63,946	322,267,773



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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.1 Credit risk (Continued)

##### 56.1.4 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)

The Bank  
2022

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
<b>12-month ECL (Stage 1)</b>	<b>1,937,992</b>	<b>128,950,222</b>	<b>3,862,604</b>	<b>586,146</b>	<b>2,145,866</b>	<b>979,014</b>	<b>6,131,826</b>	<b>25,911,383</b>	<b>50,346</b>	<b>170,555,399</b>
- Good	742,001	100,671,561	3,055,734	531,867	1,094,457	953,346	3,277,961	12,882,132	-	123,209,059
- Satisfactory	150,134	7,375,856	24,980	1,137	101,214	1,817	2,629,692	499,779	1,367	10,785,976
- No rating	1,045,857	20,902,805	781,890	53,142	950,195	23,851	224,173	12,529,472	48,979	36,560,364
<b>Lifetime ECL - not credit impaired (Stage 2)</b>	<b>482,190</b>	<b>22,849,192</b>	<b>268,632</b>	<b>355,137</b>	<b>287,767</b>	<b>59,006</b>	<b>328,527</b>	<b>2,523,842</b>	<b>-</b>	<b>27,154,293</b>
- Good	92,621	13,175,501	209,271	341,842	211,425	57,033	1,119	1,967,632	-	16,056,444
- Satisfactory	328,223	7,961,248	59,361	13,295	76,027	326	324,254	491,376	-	9,254,110
- No rating	61,346	1,712,443	-	-	315	1,647	3,154	64,834	-	1,843,739
<b>Lifetime ECL - credit impaired (Stage 3)</b>	<b>121,334</b>	<b>3,947,650</b>	<b>29,645</b>	<b>320,291</b>	<b>75,455</b>	<b>303</b>	<b>117,971</b>	<b>933,631</b>	<b>-</b>	<b>5,546,280</b>
- Impaired	121,334	3,947,650	29,645	320,291	75,455	303	117,971	933,631	-	5,546,280
<b>Total</b>	<b>2,541,516</b>	<b>155,747,064</b>	<b>4,160,881</b>	<b>1,261,574</b>	<b>2,509,088</b>	<b>1,038,323</b>	<b>6,578,324</b>	<b>29,368,856</b>	<b>50,346</b>	<b>203,255,972</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 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)**The Bank  
2021

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
<b>12-month ECL (Stage 1)</b>	1,997,595	128,136,831	4,026,258	765,496	1,708,052	919,658	5,278,308	22,196,627	63,946	165,092,771
- Good	658,859	97,516,412	2,988,596	729,667	901,561	892,709	3,501,287	11,343,010	-	118,532,101
- Satisfactory	199,917	8,782,211	56,787	1,552	61,612	3,229	1,633,017	499,503	1,992	11,239,820
- No rating	1,138,819	21,838,208	980,875	34,277	744,879	23,720	144,004	10,354,114	61,954	35,320,850
<b>Lifetime ECL - not credit impaired (Stage 2)</b>	457,782	22,780,313	791,067	24,910	182,160	82,825	346,141	2,352,983	-	27,018,181
- Good	114,208	13,173,482	517,462	19,140	62,494	77,256	2,998	1,233,634	-	15,200,674
- Satisfactory	278,366	7,730,312	273,605	5,770	119,666	2,654	340,900	1,096,999	-	9,848,272
- No rating	65,208	1,876,519	-	-	-	2,915	2,243	22,350	-	1,969,235
<b>Lifetime ECL - credit impaired (Stage 3)</b>	130,614	4,647,862	137,911	899,490	47,884	282	84,941	843,422	-	6,792,406
- Impaired	130,614	4,647,862	137,911	899,490	47,884	282	84,941	843,422	-	6,792,406
<b>Total</b>	<b>2,585,991</b>	<b>155,565,006</b>	<b>4,955,236</b>	<b>1,689,896</b>	<b>1,938,096</b>	<b>1,002,765</b>	<b>5,709,390</b>	<b>25,393,032</b>	<b>63,946</b>	<b>198,903,358</b>

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(b) Financial assets using simplified approach**

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 Bank**

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 Obligor Risk Rating ("ORR") risk criteria

The following tables are analysis of the credit risk exposure of other asset using simplified approach:

**The Group****2022**

	Sovereign	Investment grade	No rating	Gross carrying amount	ECL	Net carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other assets	-	14,407	382,651	397,058	(12,519)	384,539
	-	14,407	382,651	397,058	(12,519)	384,539

**2021**

	Sovereign	Investment grade	No rating	Gross carrying amount	ECL	Net carrying amount
Other assets	52,287	6,992	938,042	997,321	(27,081)	970,240
	52,287	6,992	938,042	997,321	(27,081)	970,240

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(b) Financial assets using simplified approach (Continued)**

The following tables are analysis of the credit risk exposure of other asset using simplified approach: (Continued)

The Bank 2022	Investment			Gross	ECL	Net
	Sovereign	grade	No rating	carrying		carrying
	RM'000	RM'000	RM'000	amount	RM'000	amount
Other assets	-	14,407	255,737	270,144	(8,447)	261,697
	-	14,407	255,737	270,144	(8,447)	261,697

2021	Investment			Gross	ECL	Net
	Sovereign	grade	No rating	carrying		carrying
	RM'000	RM'000	RM'000	amount	RM'000	amount
Other assets	52,287	6,992	768,192	827,471	(17,930)	809,541
	52,287	6,992	768,192	827,471	(17,930)	809,541

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.

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.5 Repossessed collateral**

The Group obtained assets by taking possession of collateral held as security as follows:

	<b>The Group</b>	
	<b>Carrying amount</b>	
	<b>2022</b>	2021
<b>Nature of assets</b>	<b>RM'000</b>	RM'000
Industrial and residential properties, development land and motor vehicles	<b>140,969</b>	119,753

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

**56.1.6 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 ECL – not credit impaired (Stage 2):

	<b>The Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Amortised cost before modification	<b>397,939</b>	19,847,848
Modification loss	<b>(919)</b>	(54,567)
Amortised cost after modification	<b>397,020</b>	19,793,281

	<b>The Bank</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Amortised cost before modification	<b>86,956</b>	10,684,830
Modification loss	<b>(766)</b>	(16,798)
Amortised cost after modification	<b>86,190</b>	10,668,032

Gross carrying amounts of loans, advances and financing of the Group and the Bank as at 31 December 2022, for which loss allowance has changed to 12-month measurement (Stage 1) of the Group and the Bank during the financial year amounting to RM5,576,000 (2021: RM2,093,987,000) and RM2,558,000 (2021: RM1,016,420,000) respectively.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.1 Credit risk (Continued)**

##### **56.1.7 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 for retail customers 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 RM1,194.9 million (2021: RM1,035.0 million ) and RM665.5 million (2021: RM558.8 million) of the Group's and the Bank's ECL on loans, advances and financing (including undrawn loans, advances and financing).

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.2 Market risk**

Market risk is defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

#### **Market Risk Management (MRM)**

The Group hedges the exposures to market risk by employing various strategies, including the use of derivative instruments.

The Group adopts various measures as part of risk management process. The GRCC with the assistance of GMRC 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 and the Bank's trading exposures as at 31 December 2022 is shown in table 56.2.1.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limit usage, assessing limit adequacy and verifying transaction prices.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****Market Risk Management (MRM) (Continued)***Capital Treatment for Market Risk*

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework (CAF) (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (CAFIB) (Risk-Weighted Assets).

**56.2.1 VaR**

The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	<b>The Group</b>		<b>The Bank *</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Foreign exchange risk	<b>8,475</b>	8,782	<b>3,160</b>	7,079
Interest rate risk	<b>34,363</b>	16,888	<b>22,735</b>	10,909
Equity risk	<b>993</b>	7,102	<b>993</b>	7,102
Commodity risk	<b>1,143</b>	726	<b>1,143</b>	726
<b>Total</b>	<b>44,974</b>	33,498	<b>28,031</b>	25,816
<b>Total shareholder's fund</b>	<b>48,383,385</b>	45,298,506	<b>38,152,711</b>	36,456,623
<b>Percentage over shareholder's funds</b>	<b>0.09%</b>	0.07%	<b>0.07%</b>	0.07%

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



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk**

Interest rate risk relates to the potential adverse impact on the net interest income arising from the 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) The tables below summarise 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							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		
<b>Financial assets</b>									
Cash and short-term funds	30,641,298	-	-	-	-	-	6,515,229	-	37,156,527
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	8,031,267	934,908	610,730	-	-	-	30,190	-	9,607,095
Deposits and placements with banks and other financial institutions	-	2,221,459	416,382	351	-	-	17,553	-	2,655,745
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,432,008	29,179,891	30,611,899
Debt instruments at fair value through other comprehensive income	773,205	1,462,981	1,207,753	2,034,054	19,499,223	23,113,060	382,012	-	48,472,288
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	274,621	-	274,621
Debt instruments at amortised cost	1,777,905	2,453,135	3,892,650	2,925,150	22,273,153	24,483,886	533,628	-	58,339,507
Derivative financial instruments	6,967	99,650	43,048	12,006	623,739	652,756	-	16,355,034	17,793,200
Loans, advances and financing	266,859,143	10,537,954	5,544,874	5,478,885	18,760,842	33,624,408	23,855	-	340,829,961
Other assets	2,951,133	1,699	5,024	6,640	75,111	37,363	4,812,320	-	7,889,290
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	13,555	-	13,555
Amounts due from related companies	-	-	-	-	-	-	2,949,125	-	2,949,125
<b>Total financial assets</b>	<b>311,040,918</b>	<b>17,711,786</b>	<b>11,720,461</b>	<b>10,457,086</b>	<b>61,232,068</b>	<b>81,911,473</b>	<b>16,984,096</b>	<b>45,534,925</b>	<b>556,592,813</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise 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 →							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		
<b>Financial liabilities</b>									
Deposits from customers	200,316,403	63,833,859	33,944,681	31,341,426	7,471,657	271,178	38,378,144	-	375,557,348
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	16,083,935	11,640,234	2,576,135	1,047,704	1,347,810	647,910	308,113	-	33,651,841
Repurchase agreements/Collateralised Commodity Murabahah	11,931,719	15,316,985	5,400,809	641,964	971,764	-	193,060	-	34,456,301
Financial liabilities designated at fair value through profit or loss	799,985	811,090	778,340	10,282	4,184,127	2,584	29,250	53,236	6,668,894
Derivative financial instruments	27,138	82,480	37,855	31,523	428,119	243,356	-	16,416,794	17,267,265
Bills and acceptances payable	672,781	360,490	346,153	-	-	-	29,073	-	1,408,497
Other liabilities	4,233,867	1,613,877	677,949	1,240,260	601,204	82,103	8,476,818	-	16,926,078
Lease liabilities	22,663	6,736	10,212	21,666	292,023	132,378	-	-	485,678
Recourse obligation on loans and financing sold to Cagamas	-	160,020	-	-	487,568	-	3,079	-	650,667
Amounts due to related companies	-	-	-	-	-	-	17,757	-	17,757
Bonds, Sukuk and debentures	3,200,125	586,548	102,984	48,008	4,966,070	459,269	73,205	-	9,436,209
Other borrowings	4,437	4,338	3,233,742	6,676	71,204	2,056	17,880	-	3,340,333
Subordinated obligations	-	700,020	-	987,950	7,844,894	321,921	114,615	-	9,969,400
<b>Total financial liabilities</b>	<b>239,684,897</b>	<b>97,216,603</b>	<b>50,996,661</b>	<b>39,959,684</b>	<b>28,799,342</b>	<b>2,654,948</b>	<b>47,738,735</b>	<b>16,470,030</b>	<b>523,520,900</b>
<b>Net interest sensitivity gap</b>	<b>71,356,021</b>	<b>(79,504,817)</b>	<b>(39,276,200)</b>	<b>(29,502,598)</b>	<b>32,432,726</b>	<b>79,256,525</b>		<b>29,064,895</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	5,880,757	-	5,880,757
Credit related commitments and contingencies	-	-	-	-	-	-	122,597,172	-	122,597,172
Treasury related commitments and contingencies (hedging)	1,541,630	2,346,032	1,947,037	3,399,346	26,811,221	10,010,150	-	-	46,055,416
<b>Net interest sensitivity gap</b>	<b>1,541,630</b>	<b>2,346,032</b>	<b>1,947,037</b>	<b>3,399,346</b>	<b>26,811,221</b>	<b>10,010,150</b>	<b>128,477,929</b>	<b>-</b>	<b>174,533,345</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise 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			
<b>Financial assets</b>										
Cash and short-term funds	28,687,105	-	-	-	-	-	5,954,483	-	34,641,588	
Reverse repurchase agreements	5,062,570	348,329	-	-	-	-	3,152	-	5,414,051	
Deposits and placements with banks and other financial institutions	-	2,782,488	766,979	4,164	-	-	3,186	-	3,556,817	
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,518,581	36,901,041	38,419,622	
Debt instruments at fair value through other comprehensive income	103,520	802,412	1,521,649	1,730,797	14,973,512	26,973,717	368,550	-	46,474,157	
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	288,587	-	288,587	
Debt instruments at amortised cost	1,486,995	3,386,395	1,861,134	2,212,295	18,644,320	22,449,559	438,705	-	50,479,403	
Derivative financial instruments	25,382	39,504	18,950	38,240	203,973	127,759	-	11,374,047	11,827,855	
Loans, advances and financing	250,476,818	9,199,585	4,148,757	3,930,376	16,205,774	30,000,966	16,303	-	313,978,579	
Other assets	2,450,998	440,259	4,767	110,790	38,217	21,910	3,563,636	-	6,630,577	
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	15,909	-	15,909	
Amounts due from related companies	-	-	-	-	-	-	2,145,385	-	2,145,385	
<b>Total financial assets</b>	<b>288,293,388</b>	<b>16,998,972</b>	<b>8,322,236</b>	<b>8,026,662</b>	<b>50,065,796</b>	<b>79,573,911</b>	<b>14,316,477</b>	<b>48,275,088</b>	<b>513,872,530</b>	

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(a) The tables below summarise 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		
<b>Financial liabilities</b>									
Deposits from customers	184,916,746	60,086,544	37,249,999	33,102,866	1,438,012	251,289	40,458,584	-	357,504,040
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	13,010,360	10,433,078	2,492,153	1,780,710	1,173,590	850,000	263,604	-	30,003,495
Repurchase agreements/Collateralised Commodity Murabahah	17,678,225	10,354,337	449,734	301,408	-	-	31,455	-	28,815,159
Financial liabilities designated at fair value through profit or loss	227,596	823,401	804,352	9,923	1,102,321	3,046	5,178	309,960	3,285,777
Derivative financial instruments	3,314	13,569	3,055	9,582	168,306	75,980	-	10,533,604	10,807,410
Bills and acceptances payable	566,030	322,434	328,719	-	-	-	56,688	-	1,273,871
Other liabilities	2,497,989	1,523,539	580,286	705,413	214,276	115,784	4,852,961	-	10,490,248
Lease liabilities	1,133	3,168	7,441	38,572	323,734	161,923	-	-	535,971
Recourse obligation on loans and financing sold to Cagamas	-	160,018	-	325,988	238,559	269,291	4,390	-	998,246
Amounts due to related companies	-	-	-	-	-	-	6,972	-	6,972
Bonds, Sukuk and debentures	2,973,067	3,850,206	1,123,070	192,081	2,228,977	1,381,520	51,248	-	11,800,169
Other borrowings	878,943	1,897,577	33,920	4,139	3,750	859	3,623	-	2,822,811
Subordinated obligations	-	-	-	1,822,475	6,527,227	637,027	95,719	-	9,082,448
<b>Total financial liabilities</b>	<b>224,386,270</b>	<b>90,985,045</b>	<b>46,328,275</b>	<b>41,645,273</b>	<b>13,561,556</b>	<b>4,207,782</b>	<b>45,896,019</b>	<b>10,843,564</b>	<b>477,853,784</b>
<b>Net interest sensitivity gap</b>	<b>63,907,118</b>	<b>(73,986,073)</b>	<b>(38,006,039)</b>	<b>(33,618,611)</b>	<b>36,504,240</b>	<b>75,366,129</b>		<b>37,431,524</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	4,739,862	-	4,739,862
Credit related commitments and contingencies	-	-	-	-	-	-	80,003,909	-	80,003,909
Treasury related commitments and contingencies (hedging)	1,565,569	4,099,997	2,871,912	3,686,089	15,783,223	9,579,828	-	-	37,586,618
<b>Net interest sensitivity gap</b>	<b>1,565,569</b>	<b>4,099,997</b>	<b>2,871,912</b>	<b>3,686,089</b>	<b>15,783,223</b>	<b>9,579,828</b>	<b>84,743,771</b>	<b>-</b>	<b>122,330,389</b>

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

The Bank 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		
<b>Financial assets</b>									
Cash and short-term funds	16,565,118	-	-	-	-	-	5,184,295	-	21,749,413
Reverse repurchase agreements	6,795,864	934,908	610,730	-	-	-	29,137	-	8,370,639
Deposits and placements with banks and other financial institutions	-	6,318,701	543,862	178,591	-	-	28,116	-	7,069,270
Investment account placement	3,572,587	-	-	-	-	-	4,003	-	3,576,590
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,432,007	24,272,812	25,704,819
Debt instruments at fair value through other comprehensive income	389,730	1,106,973	445,532	1,136,260	14,417,500	16,898,925	311,187	-	34,706,107
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	267,757	-	267,757
Debt instruments at amortised cost	1,787,421	2,373,148	2,928,177	1,952,667	16,222,831	21,086,542	421,794	-	46,772,580
Derivative financial instruments	6,967	49,640	39,104	10,263	449,685	393,805	-	7,210,838	8,160,302
Loans, advances and financing	161,441,194	6,750,070	3,608,568	1,235,671	9,636,277	15,434,978	2,511	-	198,109,269
Other assets	2,978,119	-	-	-	-	-	2,012,335	-	4,990,454
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	13,544	-	13,544
Amounts due from subsidiaries	-	-	-	-	-	-	7,031	-	7,031
Amounts due from related companies	-	-	-	-	-	-	2,946,427	-	2,946,427
<b>Total financial assets</b>	<b>193,537,000</b>	<b>17,533,440</b>	<b>8,175,973</b>	<b>4,513,452</b>	<b>40,726,293</b>	<b>53,814,250</b>	<b>12,660,144</b>	<b>31,483,650</b>	<b>362,444,202</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 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			
<b>Financial liabilities</b>										
Deposits from customers	125,800,294	34,638,957	18,888,639	19,305,885	3,566,445	246,591	37,254,205	-	239,701,016	
Deposits and placements of banks and other financial institutions	12,825,973	11,479,195	2,354,003	802,205	1,105,440	647,910	234,642	-	29,449,368	
Repurchase agreements	10,362,594	13,788,693	5,055,073	641,964	-	-	185,445	-	30,033,769	
Financial liabilities designated at fair value through profit or loss	-	-	-	10,282	1,117,368	2,416	3,707	(13,809)	1,119,964	
Derivative financial instruments	27,137	80,291	37,855	31,523	422,241	(2,225)	-	7,206,796	7,803,618	
Bills and acceptances payable	590,633	52,374	20,800	-	-	-	706	-	664,513	
Other liabilities	4,264,277	1,607,204	677,794	1,239,726	572,924	74,795	3,050,948	-	11,487,668	
Lease liabilities	2,167	6,258	8,807	19,620	238,136	122,850	-	-	397,838	
Recourse obligation on loans and financing sold to Cagamas	-	160,020	-	-	487,568	-	3,079	-	650,667	
Amounts due to subsidiaries	-	-	-	-	-	-	456,615	-	456,615	
Amounts due to related company	-	-	-	-	-	-	8,548	-	8,548	
Bonds	3,117,255	474,104	-	-	4,966,070	-	72,269	-	8,629,698	
Other borrowing	-	-	3,227,018	-	-	-	17,880	-	3,244,898	
Subordinated obligations	-	700,068	-	987,950	7,552,867	200,000	76,891	-	9,517,776	
<b>Total financial liabilities</b>	<b>156,990,330</b>	<b>62,987,164</b>	<b>30,269,989</b>	<b>23,039,155</b>	<b>20,029,059</b>	<b>1,292,337</b>	<b>41,364,935</b>	<b>7,192,987</b>	<b>343,165,956</b>	
<b>Net interest sensitivity gap</b>	<b>36,546,670</b>	<b>(45,453,724)</b>	<b>(22,094,016)</b>	<b>(18,525,703)</b>	<b>20,697,234</b>	<b>52,521,913</b>		<b>24,290,663</b>		
<b>Financial guarantees and commitments and contingencies</b>										
Financial guarantees	-	-	-	-	-	-	4,381,350	-	4,381,350	
Credit related commitments and contingencies	-	-	-	-	-	-	89,984,850	-	89,984,850	
Treasury related commitments and contingencies (hedging)	1,541,630	1,514,822	1,463,312	2,890,509	23,941,986	7,517,529	-	-	38,869,788	
<b>Net interest sensitivity gap</b>	<b>1,541,630</b>	<b>1,514,822</b>	<b>1,463,312</b>	<b>2,890,509</b>	<b>23,941,986</b>	<b>7,517,529</b>	<b>94,366,200</b>	<b>-</b>	<b>133,235,988</b>	

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.2 Market risk (Continued)

##### 56.2.2 Interest rate risk (Continued)

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity date: (Continued)

The Bank 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		
<b>Financial assets</b>									
Cash and short-term funds	17,501,803	-	-	-	-	-	4,501,461	-	22,003,264
Reverse repurchase agreements	4,611,140	348,329	-	-	-	-	2,893	-	4,962,362
Deposits and placements with banks and other financial institutions	-	2,431,844	696,659	303,238	-	-	3,034	-	3,434,775
Investment account placement	3,917,269	-	-	-	-	-	2,484	-	3,919,753
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,518,581	27,740,614	29,259,195
Debt instruments at fair value through other	103,520	646,345	1,080,080	1,198,620	11,007,122	20,742,560	303,014	-	35,081,261
Equity instruments at fair value through other	-	-	-	-	-	-	274,727	-	274,727
Debt instruments at amortised cost	1,481,646	2,630,786	1,450,196	1,888,237	12,667,257	20,593,247	336,013	-	41,047,382
Derivative financial instruments	25,383	39,504	12,367	34,192	120,636	135,286	-	5,814,489	6,181,857
Loans, advances and financing	160,273,658	6,864,153	2,941,135	996,753	7,839,262	13,797,226	-	-	192,712,187
Other assets	2,514,261	438,436	-	100,406	-	-	1,198,514	-	4,251,617
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	15,909	-	15,909
Amounts due from subsidiaries	-	-	-	-	-	-	9,282	-	9,282
Amounts due from related companies	-	-	-	-	-	-	2,142,164	-	2,142,164
<b>Total financial assets</b>	<b>190,428,680</b>	<b>13,399,397</b>	<b>6,180,437</b>	<b>4,521,446</b>	<b>31,634,277</b>	<b>55,268,319</b>	<b>10,308,076</b>	<b>33,555,103</b>	<b>345,295,735</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 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		
<b>Financial liabilities</b>									
Deposits from customers	119,420,764	34,176,221	21,812,605	19,924,576	1,041,968	227,741	39,178,435	-	235,782,310
Deposits and placements of banks and other financial institutions	9,510,757	10,632,875	2,287,212	1,541,569	1,008,496	850,000	199,127	-	26,030,036
Repurchase agreements	14,391,226	10,026,149	449,734	301,408	-	-	30,560	-	25,199,077
Financial liabilities designated at fair value through profit or loss	-	-	-	9,923	264,811	3,046	303	(16,401)	261,682
Derivative financial instruments	3,168	13,569	3,012	8,809	148,983	68,616	-	5,351,761	5,597,918
Bills and acceptances payable	488,202	21,369	18,689	-	-	-	747	-	529,007
Amounts due to subsidiaries	-	-	-	-	-	-	273,949	-	273,949
Amounts due to related company	-	-	-	-	-	-	2,679	-	2,679
Other liabilities	2,559,820	1,505,972	579,475	705,411	193,183	-	1,952,950	-	7,496,811
Lease liabilities	692	2,112	5,964	36,149	277,981	143,319	-	-	466,217
Recourse obligation on loans and financing sold to Cagamas	-	160,018	-	325,988	238,559	269,291	4,390	-	998,246
Bonds	2,960,345	2,769,022	1,005,582	-	2,228,977	837,058	48,802	-	9,849,786
Other borrowing	833,900	1,876,275	-	-	-	-	3,623	-	2,713,798
Subordinated obligations	-	-	-	1,522,475	6,835,272	200,000	59,048	-	8,616,795
<b>Total financial liabilities</b>	<b>150,168,874</b>	<b>61,183,582</b>	<b>26,162,273</b>	<b>24,376,308</b>	<b>12,238,230</b>	<b>2,599,071</b>	<b>41,754,613</b>	<b>5,335,360</b>	<b>323,818,311</b>
<b>Net interest sensitivity gap</b>	<b>40,259,806</b>	<b>(47,784,185)</b>	<b>(19,981,836)</b>	<b>(19,854,862)</b>	<b>19,396,047</b>	<b>52,669,248</b>		<b>28,219,743</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	3,506,745	-	3,506,745
Credit related commitments and contingencies	-	-	-	-	-	-	63,410,469	-	63,410,469
Treasury related commitments and contingencies (hedging)	1,565,569	4,099,997	2,262,370	3,192,931	13,406,540	7,935,185	-	-	32,462,592
<b>Net interest sensitivity gap</b>	<b>1,565,569</b>	<b>4,099,997</b>	<b>2,262,370</b>	<b>3,192,931</b>	<b>13,406,540</b>	<b>7,935,185</b>	<b>66,917,214</b>	<b>-</b>	<b>99,379,806</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)****(c) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	The Group			
	2022		2021	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(193,647)	193,647	(229,098)	229,098

	The Bank			
	2022		2021	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(156,621)	156,621	(148,734)	148,734

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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)****(d) Sensitivity of reserves**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	<b>The Group</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Increase/(Decrease)</b>		<b>Increase/(Decrease)</b>	
	<b>+100 basis point</b>	<b>-100 basis point</b>	<b>+100 basis point</b>	<b>-100 basis point</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impact to fair value reserve - debt instruments at fair value through other comprehensive income	(2,591,073)	2,591,073	(2,619,423)	2,619,423

	<b>The Bank</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Increase/(Decrease)</b>		<b>Increase/(Decrease)</b>	
	<b>+100 basis point</b>	<b>-100 basis point</b>	<b>+100 basis point</b>	<b>-100 basis point</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impact to fair value reserve - debt instruments at fair value through other comprehensive income	(1,743,806)	1,743,806	(1,996,489)	1,996,489

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserve 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 and the Bank would take to mitigate the impact of this interest rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective interest movements.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk**

The Group and Bank 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 Bank 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:

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	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial assets</b>														
Cash and short-term funds	22,207,837	86,645	170,600	641,200	9,777,616	418,898	450,829	188,770	655,305	360,605	482,432	1,715,790	14,948,690	37,156,527
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	2,402,619	-	733,250	2,360,469	3,867,947	61,587	72,031	6,781	-	12,848	1,952	87,611	7,204,476	9,607,095
Deposits and placements with banks and other financial institutions	1,448,376	-	-	72	435,163	-	-	-	761,447	-	-	10,687	1,207,369	2,655,745
Financial investments at fair value through profit or loss	13,373,630	-	2,851,372	10,435,857	2,620,022	239,729	-	776,991	158,284	19,610	136,404	-	17,238,269	30,611,899
Debt instruments at fair value through other comprehensive income	31,590,671	-	8,413,789	2,566,971	3,885,129	686,173	-	332,617	64,667	184,485	685,926	61,860	16,881,617	48,472,288
Equity instruments at fair value through other comprehensive income	265,579	-	6,445	72	73	-	-	-	-	2,452	-	-	9,042	274,621
Debt instruments at amortised cost	46,444,810	-	3,481,056	7,388,499	671,158	-	-	261,410	-	45,893	-	46,681	11,894,697	58,339,507
Derivative financial instruments	15,624,719	(205,378)	79,879,104	14,846,731	(94,918,753)	155,930	(2,380,954)	4,992,741	455,873	(3,860,525)	1,167,352	2,036,360	2,168,481	17,793,200
Loans, advances and financing	241,042,527	-	28,035,356	34,190,001	25,334,079	448,896	5,587,815	327,724	1,378,331	571,144	1,666,192	2,247,896	99,787,434	340,829,961
Other assets	2,091,234	96,026	2,450,670	304,456	2,502,384	5,185	1,926	73	3,664	83,424	31,125	319,123	5,798,056	7,889,290
Amounts due from ultimate holding company	13,555	-	-	-	-	-	-	-	-	-	-	-	-	13,555
Amounts due from related companies	2,949,125	-	-	-	-	-	-	-	-	-	-	-	-	2,949,125
	379,454,682	(22,707)	126,021,642	72,734,328	(45,825,182)	2,016,398	3,731,647	6,887,107	3,477,571	(2,580,064)	4,171,383	6,526,008	177,138,131	556,592,813

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (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	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial liabilities</b>														
Deposits from customers	254,229,606	30,269	28,203,443	43,033,507	37,778,426	1,442,386	2,623,496	310,356	942,763	609,466	3,508,047	2,845,583	121,327,742	375,557,348
Investment accounts of customers	13,182,966	-	-	-	501,666	-	-	-	-	-	-	-	501,666	13,684,632
Deposits and placements of banks and other financial institutions	9,122,176	30,970	3,418,428	1,774,497	16,058,127	163,037	46,213	619,457	1,514,167	23,262	712,284	169,223	24,529,665	33,651,841
Repurchase agreements/Collateralised Commodity Murabahah	25,078,227	-	2,494,806	-	6,764,987	-	-	-	74,566	-	43,715	-	9,378,074	34,456,301
Financial liabilities designated at fair value through profit or loss	3,976,968	-	2,691,926	-	-	-	-	-	-	-	-	-	2,691,926	6,668,894
Derivatives financial instruments	23,877,861	(160,966)	81,053,901	27,070,751	(119,254,787)	371,541	849,119	5,898,551	380,016	(3,327,342)	(1,105,763)	1,614,383	(6,610,596)	17,267,265
Bills and acceptances payable	253,274	-	251,554	135,087	763,711	-	53	-	3,545	1,234	-	39	1,155,223	1,408,497
Other liabilities	5,814,978	96,111	3,798,108	988,477	5,561,322	90,073	116,158	9,245	14,104	95,413	52,139	289,950	11,111,100	16,926,078
Lease liabilities	288,273	-	24,352	104,716	39,341	-	5,260	-	-	-	14,446	9,290	197,405	485,678
Recourse obligation on loans and financing sold to Cagamas	650,667	-	-	-	-	-	-	-	-	-	-	-	-	650,667
Amounts due to related companies	8,773	-	8,974	-	-	-	-	-	-	-	-	10	8,984	17,757
Bonds, Sukuk and debentures	2,474,531	-	342,338	-	5,788,476	-	-	-	-	-	830,864	-	6,961,678	9,436,209
Other borrowings	-	-	-	-	3,318,311	-	-	-	-	-	-	22,022	3,340,333	3,340,333
Subordinated obligations	9,969,400	-	-	-	-	-	-	-	-	-	-	-	-	9,969,400
	348,927,700	(3,616)	122,287,830	73,107,035	(42,680,420)	2,067,037	3,640,299	6,837,609	2,929,161	(2,597,967)	4,055,732	4,950,500	174,593,200	523,520,900
Financial guarantees	2,709,924	-	31,772	447,674	2,586,826	-	10,439	595	10,847	38,623	-	44,057	3,170,833	5,880,757
Credit related commitments and contingencies	92,014,216	-	4,298,907	9,455,124	14,521,813	77,998	983,081	78,583	574,534	135,941	450,459	6,516	30,582,956	122,597,172
	94,724,140	-	4,330,679	9,902,798	17,108,639	77,998	993,520	79,178	585,381	174,564	450,459	50,573	33,753,789	128,477,929

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (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	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial assets</b>														
Cash and short-term funds	21,489,624	23,783	181,805	179,258	7,726,950	324,602	1,437,850	378,592	221,787	246,568	320,331	2,110,438	13,151,964	34,641,588
Reverse repurchase agreements	494,111	-	451,689	757,702	3,405,015	63,677	70,426	11,050	-	22,120	107,622	30,639	4,919,940	5,414,051
Deposits and placements with banks and other financial institutions	320,974	-	-	48	2,652,631	111,992	-	-	137,677	-	72,215	261,280	3,235,843	3,556,817
Financial investments at fair value through profit or loss	15,316,874	-	3,924,791	8,723,304	5,274,825	1,343,989	62,727	3,440,808	151,066	30,022	125,548	25,668	23,102,748	38,419,622
Debt instruments at fair value through other comprehensive income	31,974,998	-	6,323,984	2,973,251	3,344,421	342,879	115,428	282,770	237,668	207,337	602,687	68,734	14,499,159	46,474,157
Equity instruments at fair value through other comprehensive income	265,419	-	13,405	83	7,227	-	-	-	-	2,453	-	-	23,168	288,587
Debt instruments at amortised cost	41,454,719	-	1,840,731	5,986,768	625,043	-	-	316,775	129,720	46,580	-	79,067	9,024,684	50,479,403
Derivative financial instruments	16,465,066	193,989	(46,087,374)	3,436,389	81,348,271	(3,675,804)	(3,552,424)	(31,252,805)	9,311,791	(11,404,389)	(723,355)	(2,231,500)	(4,637,211)	11,827,855
Loans, advances and financing	224,716,335	-	24,610,273	28,457,418	25,552,808	521,231	4,868,241	1,059,751	1,520,859	508,876	1,135,391	1,027,396	89,262,244	313,978,579
Other assets	2,026,838	110,758	1,585,678	224,904	2,443,893	366	1,149	1,705	3,763	59,589	47,984	123,950	4,603,739	6,630,577
Amounts due from ultimate holding company	15,909	-	-	-	-	-	-	-	-	-	-	-	-	15,909
Amounts due from related companies	2,145,385	-	-	-	-	-	-	-	-	-	-	-	-	2,145,385
	356,686,252	328,530	(7,155,018)	50,739,125	132,381,084	(967,068)	3,003,397	(25,761,354)	11,714,331	(10,280,844)	1,688,423	1,495,672	157,186,278	513,872,530

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (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	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial liabilities</b>														
Deposits from customers	253,242,207	63	22,454,801	34,274,147	38,958,773	1,202,750	2,207,115	210,137	814,722	671,907	1,114,262	2,353,156	104,261,833	357,504,040
Investment accounts of customers	9,964,836	-	-	-	462,331	-	-	-	-	-	-	-	462,331	10,427,167
Deposits and placements of banks and other financial institutions	6,571,521	389	3,548,200	2,410,178	14,057,623	91,942	671,433	13,039	1,087,200	236,030	1,062,416	253,524	23,431,974	30,003,495
Repurchase agreements/Collateralised Commodity Murabahah	16,861,225	-	3,287,263	-	8,558,333	-	-	-	85,455	-	22,883	-	11,953,934	28,815,159
Financial liabilities designated at fair value through profit or loss	1,061,368	-	2,224,409	-	-	-	-	-	-	-	-	-	2,224,409	3,285,777
Derivatives financial instruments	19,009,505	215,150	(46,520,782)	12,165,888	59,972,693	(2,382,657)	10,359	(26,033,732)	9,750,524	(11,239,740)	(1,625,580)	(2,514,218)	(8,202,095)	10,807,410
Bills and acceptances payable	362,249	-	279,643	87,665	543,496	-	57	-	747	-	-	14	911,622	1,273,871
Other liabilities	4,828,790	109,984	2,470,987	814,666	1,759,714	76,998	25,296	19,295	11,004	58,095	149,491	165,928	5,661,458	10,490,248
Lease liabilities	340,830	-	26,521	98,519	30,647	-	6,828	-	-	-	19,943	12,683	195,141	535,971
Recourse obligation on loans and financing	998,246	-	-	-	-	-	-	-	-	-	-	-	-	998,246
Amounts due to related companies	1,861	-	4,261	16	-	-	-	-	-	-	834	-	5,111	6,972
Bonds, Sukuk and debentures	3,632,904	-	1,322,087	-	6,005,889	-	-	-	-	-	839,289	-	8,167,265	11,800,169
Other borrowings	-	-	-	-	2,718,407	-	-	-	-	-	-	104,404	2,822,811	2,822,811
Subordinated obligations	9,082,448	-	-	-	-	-	-	-	-	-	-	-	-	9,082,448
	325,957,990	325,586	(10,902,610)	49,851,079	133,067,906	(1,010,967)	2,921,088	(25,791,261)	11,749,652	(10,273,708)	1,583,538	375,491	151,895,794	477,853,784
Financial guarantees	2,597,189	-	940	322,273	1,704,651	-	11,126	17	22,545	24,295	-	56,826	2,142,673	4,739,862
Credit related commitments and contingencies	65,787,527	-	991,157	5,770,213	4,176,291	428,363	535,607	96,182	401,718	11,788	1,470,648	334,415	14,216,382	80,003,909
	68,384,716	-	992,097	6,092,486	5,880,942	428,363	546,733	96,199	424,263	36,083	1,470,648	391,241	16,359,055	84,743,771

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank:

The Bank  
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	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial assets</b>														
Cash and short-term funds	9,225,983	54,268	43,179	652,351	7,835,627	410,669	390,030	174,266	653,653	337,206	479,545	1,492,636	12,523,430	21,749,413
Reverse repurchase agreements	1,899,413	-	-	2,360,469	3,867,947	61,587	72,031	6,781	-	12,848	1,952	87,611	6,471,226	8,370,639
Deposits and placements with banks and other financial institutions	2,122,818	-	-	22	4,184,982	-	-	-	761,448	-	-	-	4,946,452	7,069,270
Investment account placement	3,576,590	-	-	-	-	-	-	-	-	-	-	-	-	3,576,590
Financial investments at fair value through profit or loss	11,620,725	-	-	10,435,857	2,317,219	239,729	-	776,991	158,284	19,610	136,404	-	14,084,094	25,704,819
Debt instruments at fair value through other comprehensive income	26,238,279	-	-	2,566,971	3,885,129	686,173	-	332,617	64,667	184,485	685,926	61,860	8,467,828	34,706,107
Equity instruments at fair value through other comprehensive income	265,229	-	-	72	73	-	-	-	-	2,383	-	-	2,528	267,757
Debt instruments at amortised cost	38,699,375	-	-	7,388,499	377,403	-	-	261,410	-	45,893	-	-	8,073,205	46,772,580
Derivative financial instruments	17,794,215	(205,378)	50,768	15,209,494	(28,996,568)	87,889	(2,004,823)	4,684,061	455,211	(2,269,887)	1,503,482	1,851,838	(9,633,913)	8,160,302
Loans, advances and financing	133,957,464	-	-	34,190,001	18,939,276	448,896	5,568,623	327,724	1,378,090	471,076	1,666,192	1,161,927	64,151,805	198,109,269
Other assets	2,520,384	95,967	103,788	303,702	1,535,726	5,164	1,892	10	3,664	81,057	31,125	307,975	2,470,070	4,990,454
Amounts due from holding company and ultimate holding company	13,544	-	-	-	-	-	-	-	-	-	-	-	-	13,544
Amounts due from subsidiaries	1,794	-	-	55	5,182	-	-	-	-	-	-	-	5,237	7,031
Amounts due from related companies	2,945,943	-	-	429	-	-	7	-	-	-	48	-	484	2,946,427
	250,881,756	(55,143)	197,735	73,107,922	13,951,996	1,940,107	4,027,760	6,563,860	3,475,017	(1,115,329)	4,504,674	4,963,847	111,562,446	362,444,202

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank  
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	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial liabilities</b>														
Deposits from customers	153,729,101	41	81,414	43,024,404	31,265,667	1,298,855	2,579,901	302,291	942,040	561,293	3,507,846	2,408,163	85,971,915	239,701,016
Deposits and placements of banks and other financial institutions	9,202,493	30,970	827	1,791,776	15,253,923	163,037	46,799	619,455	1,514,320	23,146	714,444	88,178	20,246,875	29,449,368
Repurchase agreements	23,150,501	-	-	-	6,764,987	-	-	-	74,566	-	43,715	-	6,883,268	30,033,769
Financial liabilities designated at fair value through profit or loss	1,119,964	-	-	-	-	-	-	-	-	-	-	-	-	1,119,964
Derivatives financial instruments	23,032,024	(160,966)	(14,673)	27,433,517	(49,174,362)	364,140	1,236,135	5,566,182	376,850	(1,802,738)	(769,419)	1,716,928	(15,228,406)	7,803,618
Bills and acceptances payable	253,274	-	-	135,087	271,373	-	-	-	3,545	1,234	-	-	411,239	664,513
Other liabilities	5,800,528	96,108	103,794	987,430	3,853,523	89,732	116,152	9,078	14,055	95,198	52,139	269,931	5,687,140	11,487,668
Lease liabilities	267,306	-	-	104,716	5,011	-	5,260	-	-	-	14,446	1,099	130,532	397,838
Recourse obligation on loans and financing sold to Cagamas	650,667	-	-	-	-	-	-	-	-	-	-	-	-	650,667
Amounts due to subsidiaries	451,197	-	-	-	5,418	-	-	-	-	-	-	-	5,418	456,615
Amounts due to related companies	8,548	-	-	-	-	-	-	-	-	-	-	-	-	8,548
Bonds	2,015,264	-	-	-	5,783,570	-	-	-	-	-	830,864	-	6,614,434	8,629,698
Other borrowings	-	-	-	-	3,244,898	-	-	-	-	-	-	-	3,244,898	3,244,898
Subordinated obligations	9,517,776	-	-	-	-	-	-	-	-	-	-	-	-	9,517,776
	229,198,643	(33,847)	171,362	73,476,930	17,274,008	1,915,764	3,984,247	6,497,006	2,925,376	(1,121,867)	4,394,035	4,484,299	113,967,313	343,165,956
Financial guarantees	2,382,230	-	-	447,674	1,447,447	-	10,439	595	10,847	38,061	-	44,057	1,999,120	4,381,350
Credit related commitments and contingencies	64,844,149	-	19,081	9,455,124	13,464,151	77,998	982,816	71,129	568,087	48,074	450,459	3,782	25,140,701	89,984,850
	67,226,379	-	19,081	9,902,798	14,911,598	77,998	993,255	71,724	578,934	86,135	450,459	47,839	27,139,821	94,366,200



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank  
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	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial assets</b>														
Cash and short-term funds	11,272,728	22,647	64,048	200,150	5,839,733	226,215	1,418,951	358,233	220,671	184,225	310,854	1,884,809	10,730,536	22,003,264
Reverse repurchase agreements	494,111	-	-	757,702	3,405,015	63,677	70,426	11,050	-	22,120	107,622	30,639	4,468,251	4,962,362
Deposits and placements with banks and other financial institutions	361,294	-	-	-	2,751,597	111,992	-	-	137,677	-	72,215	-	3,073,481	3,434,775
Investment account placement	3,919,753	-	-	-	-	-	-	-	-	-	-	-	-	3,919,753
Financial investments at fair value through profit or loss	10,378,698	-	-	8,723,304	4,977,365	1,343,989	62,727	3,440,808	151,066	30,022	125,548	25,668	18,880,497	29,259,195
Debt instruments at fair value through other comprehensive income	26,906,086	-	-	2,973,251	3,344,421	342,879	115,428	282,770	237,668	207,337	602,687	68,734	8,175,175	35,081,261
Equity instruments at fair value through	265,034	-	-	83	7,227	-	-	-	-	2,383	-	-	9,693	274,727
Debt instruments at amortised cost	34,165,844	-	-	5,986,768	360,302	-	-	316,775	129,720	46,580	-	41,393	6,881,538	41,047,382
Derivative financial instruments	16,811,567	193,989	197,250	3,385,749	27,321,310	(4,001,987)	(3,470,465)	(30,113,913)	9,309,188	(10,420,964)	(734,906)	(2,294,961)	(10,629,710)	6,181,857
Loans, advances and financing	134,474,583	-	-	28,457,418	19,784,330	521,231	4,836,429	1,059,751	1,520,622	485,416	1,135,391	437,016	58,237,604	192,712,187
Other assets	2,188,015	110,219	271,785	222,925	1,228,897	165	1,096	1,292	3,763	59,589	47,984	115,887	2,063,602	4,251,617
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	-	-	-	-	-	-	15,909
Amounts due from subsidiaries	4,935	-	-	-	4,347	-	-	-	-	-	-	-	4,347	9,282
Amounts due from related companies	2,142,161	-	-	3	-	-	-	-	-	-	-	-	3	2,142,164
	243,400,718	326,855	533,083	50,707,353	69,024,544	(1,391,839)	3,034,592	(24,643,234)	11,710,375	(9,383,292)	1,667,395	309,185	101,895,017	345,295,735

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank  
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	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial liabilities</b>														
Deposits from customers	159,938,440	42	4,587	34,261,714	33,439,606	1,097,757	2,193,787	207,948	814,107	601,962	1,114,097	2,108,263	75,843,870	235,782,310
Deposits and placements of banks and other financial institutions	6,581,449	389	715	2,410,178	13,633,040	91,942	666,863	13,000	1,087,200	234,593	1,062,416	248,251	19,448,587	26,030,036
Repurchase agreements	16,532,406	-	-	-	8,558,333	-	-	-	85,455	-	22,883	-	8,666,671	25,199,077
Financial liabilities designated at fair value through profit or loss	261,682	-	-	-	-	-	-	-	-	-	-	-	-	261,682
Derivatives financial instruments	19,607,760	215,150	210,286	12,120,637	5,699,821	(2,707,593)	92,367	(24,909,186)	9,750,525	(10,262,919)	(1,637,798)	(2,581,132)	(14,009,842)	5,597,918
Bills and acceptances payable	362,249	-	-	87,665	78,346	-	-	-	747	-	-	-	166,758	529,007
Other liabilities	4,661,989	109,973	271,785	813,518	1,151,140	76,893	25,296	19,295	11,004	56,633	149,491	149,794	2,834,822	7,496,811
Lease liabilities	337,176	-	-	98,519	1,541	-	6,828	-	-	-	19,943	2,210	129,041	466,217
Recourse obligation on loans and financing sold to Cagamas	998,246	-	-	-	-	-	-	-	-	-	-	-	-	998,246
Amounts due to subsidiaries	273,371	-	-	70	507	-	-	-	-	-	1	-	578	273,949
Amounts due to related companies	1,829	-	-	16	-	-	-	-	-	-	834	-	850	2,679
Bonds	3,088,441	-	-	-	5,922,056	-	-	-	-	-	839,289	-	6,761,345	9,849,786
Other borrowings	-	-	-	-	2,713,798	-	-	-	-	-	-	-	2,713,798	2,713,798
Subordinated obligations	8,616,795	-	-	-	-	-	-	-	-	-	-	-	-	8,616,795
	221,261,833	325,554	487,373	49,792,317	71,198,188	(1,441,001)	2,985,141	(24,668,943)	11,749,038	(9,369,731)	1,571,156	(72,614)	102,556,478	323,818,311
Financial guarantees	2,368,338	-	-	322,273	710,621	-	11,126	17	22,545	14,999	-	56,826	1,138,407	3,506,745
Credit related commitments and contingencies	50,966,094	-	211	5,766,998	3,443,057	416,255	535,325	90,740	390,559	-	1,470,648	330,582	12,444,375	63,410,469
	53,334,432	-	211	6,089,271	4,153,678	416,255	546,451	90,757	413,104	14,999	1,470,648	387,408	13,582,782	66,917,214

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)****(c) Sensitivity of profit and reserves**

The table below shows the sensitivity of the Group's and the Bank's profit and reserves to movement in foreign exchange rates:

	The Group		The Bank	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(decrease)		Increase/(decrease)	
2022	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	21,330	(21,330)	26,990	(26,990)
USD	(29,550)	29,550	(23,968)	23,968
THB	50,425	(50,425)	50,419	(50,419)
HKD	72	(72)	36	(36)
GBP	845	(845)	630	(630)
JPY	100	(100)	433	(433)
SGD	230	(230)	239	(239)
EUR	(337)	337	(315)	315
Others	(455)	455	(484)	484
Impact to reserves	(27,255)	27,255	(27,255)	27,255
SGD	(25,367)	25,367	(25,367)	25,367
GBP	(883)	883	(883)	883
Others	(1,005)	1,005	(1,005)	1,005

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)****(c) Sensitivity of profit and reserves (Continued)**

The table below shows the sensitivity of the Group's and the Bank's profit and reserves to movement in foreign exchange rates: (Continued)

	The Group		The Bank	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(decrease)		Increase/(decrease)	
2021	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	(17,678)	17,678	(10,684)	10,684
USD	(21,961)	21,961	(14,642)	14,642
AUD	945	(945)	982	(982)
HKD	532	(532)	474	(474)
GBP	812	(812)	562	(562)
THB	555	(555)	549	(549)
SGD	346	(346)	352	(352)
JPY	427	(427)	472	(472)
Others	666	(666)	567	(567)
Impact to reserves	(57,661)	57,661	(57,661)	57,661
USD	(38,776)	38,776	(38,776)	38,776
SGD	(17,601)	17,601	(17,601)	17,601
GBP	(1,284)	1,284	(1,284)	1,284

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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.3 Liquidity risk**

Liquidity and funding risk is defined as the current and potential risk to earnings, shareholders' funds 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 are 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 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, which subsequently reports to Group Asset Liability Management Committee. The Group Asset Liability Management Committee 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-day 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 2021. As part of its ordinary course of business, the Bank 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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.3 Liquidity risk (Continued)**

In addition to regulatory limits, liquidity risk undertaken by the Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers (“MATs”) have been established to alert the management to potential and emerging liquidity pressures. The Group’s Liquidity Risk Management Policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

The Asset Liability Management function, which is responsible for the independent monitoring of the Group’s liquidity risk profile, works closely with 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. 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines:

<b>The Group 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>								
Cash and short-term funds	36,623,145	-	-	-	-	-	533,382	37,156,527
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	8,042,294	946,196	618,605	-	-	-	-	9,607,095
Deposits and placements with banks and other financial institutions	-	2,222,418	425,939	7,388	-	-	-	2,655,745
Financial investments at fair value through profit or loss	7,741,597	4,516,730	2,525,070	1,182,706	7,460,674	4,695,038	2,490,084	30,611,899
Debt instruments at fair value through other comprehensive income	669,801	1,196,499	1,303,846	2,053,167	19,991,952	23,257,023	-	48,472,288
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	274,621	274,621
Debt instruments at amortised cost	1,917,760	2,187,011	3,874,343	2,928,630	17,768,633	29,663,130	-	58,339,507
Derivative financial instruments	2,925,771	3,327,241	1,152,718	1,805,515	5,909,264	2,672,691	-	17,793,200
Loans, advances and financing	86,508,744	12,197,342	4,291,648	11,630,263	43,390,580	182,811,384	-	340,829,961
Other assets	8,102,909	13,655	61,025	21,233	499,286	111,051	-	8,809,159
Amounts due from holding company and ultimate holding company	13,555	-	-	-	-	-	-	13,555
Amounts due from related companies	2,949,125	-	-	-	-	-	-	2,949,125
Tax recoverable	-	-	-	-	-	-	82,508	82,508
Deferred taxation	-	-	-	-	-	-	1,363,733	1,363,733
Statutory deposits with central banks	-	-	-	-	-	-	8,371,731	8,371,731
Investment in joint venture	-	-	-	-	-	-	162,906	162,906
Property, plant and equipment	-	-	-	-	-	-	898,969	898,969
Right-of-use assets	-	-	-	-	-	-	466,076	466,076
Goodwill	-	-	-	-	-	-	3,938,393	3,938,393
Intangible assets	-	-	-	-	-	-	1,171,260	1,171,260
Non-current assets held for sale	-	-	-	-	-	-	7,471	7,471
<b>Total assets</b>	<b>155,494,701</b>	<b>26,607,092</b>	<b>14,253,194</b>	<b>19,628,902</b>	<b>95,020,389</b>	<b>243,210,317</b>	<b>19,761,134</b>	<b>573,975,729</b>

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM 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
<b>Liabilities</b>								
Deposits from customers	238,050,342	64,172,769	34,111,334	31,461,875	7,489,848	271,180	-	375,557,348
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	15,839,253	12,360,619	2,586,609	869,215	1,348,235	647,910	-	33,651,841
Repurchase agreements/Collateralised Commodity Murabahah	12,008,150	15,410,633	5,421,782	642,715	973,021	-	-	34,456,301
Financial liabilities designated at fair value through profit or loss	9,904	7,164	232,479	12,527	5,155,094	1,251,726	-	6,668,894
Derivative financial instruments	3,411,484	3,541,672	1,404,249	1,578,885	5,274,571	2,056,404	-	17,267,265
Bills and acceptances payable	620,562	52,374	20,800	-	589,504	125,257	-	1,408,497
Other liabilities	14,103,733	522,076	683,194	1,274,529	663,766	1,193,347	1,943	18,442,588
Lease liabilities	24,156	10,118	14,418	29,644	276,477	130,865	-	485,678
Recourse obligation on loans and financing sold to Cagamas	-	647	2,431	-	487,569	160,020	-	650,667
Amounts due to related companies	17,757	-	-	-	-	-	-	17,757
Provision for taxation and zakat	23,189	-	-	-	-	-	-	23,189
Bonds, Sukuk and debentures	85,381	55,570	114,751	51,695	9,128,812	-	-	9,436,209
Other borrowings	4,498	4,338	24,543	6,676	71,204	3,229,074	-	3,340,333
Subordinated obligations	23,178	760,610	30,896	987,950	6,373,056	1,793,710	-	9,969,400
<b>Total liabilities</b>	<b>286,701,699</b>	<b>99,007,989</b>	<b>48,535,287</b>	<b>41,497,936</b>	<b>37,964,059</b>	<b>11,351,686</b>	<b>1,943</b>	<b>525,060,599</b>
<b>Net liquidity gap</b>	<b>(131,206,998)</b>	<b>(72,400,897)</b>	<b>(34,282,093)</b>	<b>(21,869,034)</b>	<b>57,056,330</b>	<b>231,858,631</b>	<b>19,759,191</b>	



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Group 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>								
Cash and short-term funds	34,641,588	-	-	-	-	-	-	34,641,588
Reverse repurchase agreements	5,065,235	348,816	-	-	-	-	-	5,414,051
Deposits and placements with banks and other financial institutions	-	2,784,597	767,955	4,265	-	-	-	3,556,817
Financial investments at fair value through profit or loss	7,414,276	8,442,377	3,967,282	2,795,669	5,662,173	7,598,293	2,539,552	38,419,622
Debt instruments at fair value through other comprehensive income	191,175	680,032	1,614,449	1,775,646	15,181,376	27,031,479	-	46,474,157
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	288,587	288,587
Debt instruments at amortised cost	1,605,049	3,175,623	1,983,698	2,033,316	16,801,871	24,879,846	-	50,479,403
Derivative financial instruments	1,629,418	2,006,047	1,968,206	964,773	3,286,463	1,972,948	-	11,827,855
Loans, advances and financing	29,280,177	13,625,601	5,367,759	14,282,428	44,265,535	207,157,079	-	313,978,579
Other assets	6,507,241	3,794	59,049	154,803	264,934	214,618	-	7,204,439
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	15,909
Amounts due from related companies	2,145,385	-	-	-	-	-	-	2,145,385
Tax recoverable	-	-	-	-	-	-	419,394	419,394
Deferred taxation	-	-	-	-	-	-	1,269,525	1,269,525
Statutory deposits with central banks	-	-	-	-	-	-	1,960,005	1,960,005
Investment in joint venture	-	-	-	-	-	-	151,157	151,157
Property, plant and equipment	-	-	-	-	-	-	843,318	843,318
Right-of-use assets	-	-	-	-	-	-	507,723	507,723
Goodwill	-	-	-	-	-	-	3,934,802	3,934,802
Intangible assets	-	-	-	-	-	-	1,218,478	1,218,478
Non-current assets held for sale	-	-	-	-	-	-	19,595	19,595
<b>Total assets</b>	<b>88,495,453</b>	<b>31,066,887</b>	<b>15,728,398</b>	<b>22,010,900</b>	<b>85,462,352</b>	<b>268,854,263</b>	<b>13,152,136</b>	<b>524,770,389</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

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
<b>Liabilities</b>								
Deposits from customers	225,937,500	59,281,268	37,407,505	33,186,911	1,439,567	251,289	-	357,504,040
Investment accounts of customers	1,697,196	1,518,442	3,255,546	3,352,116	142,804	461,063	-	10,427,167
Deposits and placements of banks and other financial institutions	12,765,250	11,118,337	2,494,164	1,602,154	1,173,590	850,000	-	30,003,495
Repurchase agreements/Collateralised Commodity Murabahah	17,691,119	10,371,342	450,177	302,521	-	-	-	28,815,159
Financial liabilities designated at fair value through profit or loss	1,434	93,006	95,550	10,092	1,473,384	1,612,311	-	3,285,777
Derivative financial instruments	1,470,774	2,079,312	1,799,852	837,660	3,029,023	1,590,789	-	10,807,410
Bills and acceptances payable	549,198	21,369	18,689	-	566,632	117,983	-	1,273,871
Other liabilities	8,248,188	478,184	586,146	729,866	289,094	1,143,816	-	11,475,294
Lease liabilities	5,498	5,527	11,513	43,909	328,041	141,483	-	535,971
Recourse obligation on loans and financing sold to Cagamas	-	399	3,991	325,988	238,560	429,308	-	998,246
Amounts due to related companies	6,972	-	-	-	-	-	-	6,972
Provision for taxation and zakat	117,912	-	-	-	-	-	-	117,912
Bonds, Sukuk and debentures	6,512	3,176,042	1,217,134	379,436	6,183,987	837,058	-	11,800,169
Other borrowings	1,707	1,916	-	2,710,175	-	109,013	-	2,822,811
Subordinated obligations	82,426	13,138	-	1,522,475	5,656,913	1,807,496	-	9,082,448
<b>Total liabilities</b>	<b>268,581,686</b>	<b>88,158,282</b>	<b>47,340,267</b>	<b>45,003,303</b>	<b>20,521,595</b>	<b>9,351,609</b>	<b>-</b>	<b>478,956,742</b>
<b>Net liquidity gap</b>	<b>(180,086,233)</b>	<b>(57,091,395)</b>	<b>(31,611,869)</b>	<b>(22,992,403)</b>	<b>64,940,757</b>	<b>259,502,654</b>	<b>13,152,136</b>	

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Bank 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>								
Cash and short-term funds	21,216,031	-	-	-	-	-	533,382	21,749,413
Reverse repurchase agreements	6,805,838	946,196	618,605	-	-	-	-	8,370,639
Deposits and placements with banks and other financial institutions	-	6,344,102	546,577	178,591	-	-	-	7,069,270
Investment account placement	3,576,590	-	-	-	-	-	-	3,576,590
Financial investments at fair value through profit or loss	7,397,000	4,212,136	2,400,652	800,209	6,248,897	2,169,371	2,476,554	25,704,819
Debt instruments at fair value through other comprehensive income	275,659	806,891	520,383	1,153,592	14,910,228	17,039,354	-	34,706,107
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	267,757	267,757
Debt instruments at amortised cost	1,897,240	2,049,586	2,875,993	1,956,148	14,189,600	23,804,013	-	46,772,580
Derivative financial instruments	1,414,533	1,589,511	344,718	626,606	3,002,784	1,182,150	-	8,160,302
Loans, advances and financing	82,309,556	4,626,908	2,465,730	4,934,944	25,420,983	78,351,148	-	198,109,269
Other assets	4,928,745	6,717	50,650	12,714	422,421	70,078	-	5,491,325
Amounts due from holding company and ultimate holding company	13,544	-	-	-	-	-	-	13,544
Amounts due from subsidiaries	7,031	-	-	-	-	-	-	7,031
Amounts due from related companies	2,946,427	-	-	-	-	-	-	2,946,427
Tax recoverable	-	-	-	-	-	-	52,473	52,473
Deferred taxation	-	-	-	-	-	-	934,271	934,271
Statutory deposits with central banks	-	-	-	-	-	-	5,948,817	5,948,817
Investment in subsidiaries	-	-	-	-	-	-	6,793,718	6,793,718
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Property, plant and equipment	-	-	-	-	-	-	622,654	622,654
Right-of-use assets	-	-	-	-	-	-	382,229	382,229
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	1,006,495	1,006,495
Non-current assets held for sale	-	-	-	-	-	-	7,471	7,471
<b>Total assets</b>	<b>132,788,194</b>	<b>20,582,047</b>	<b>9,823,308</b>	<b>9,662,804</b>	<b>64,194,913</b>	<b>122,616,114</b>	<b>22,705,896</b>	<b>382,373,276</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Bank 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>								
Deposits from customers	162,560,541	34,864,249	19,031,281	19,417,049	3,581,303	246,593	-	239,701,016
Deposits and placements of banks and other financial institutions	12,990,332	11,539,721	2,363,283	802,258	1,105,864	647,910	-	29,449,368
Repurchase agreements	10,438,811	13,877,428	5,074,815	642,715	-	-	-	30,033,769
Financial liabilities designated at fair value through profit or loss	3,709	-	-	10,431	1,103,408	2,416	-	1,119,964
Derivative financial instruments	1,654,487	1,878,061	974,278	227,581	2,373,586	695,625	-	7,803,618
Bills and acceptances payable	591,339	52,374	20,800	-	-	-	-	664,513
Other liabilities	8,098,813	494,380	682,914	1,273,872	592,247	1,170,311	-	12,312,537
Lease liabilities	2,874	8,097	11,340	23,190	229,487	122,850	-	397,838
Recourse obligation on loans and financing sold to Cagamas	-	647	2,431	-	487,569	160,020	-	650,667
Amounts due to subsidiaries	456,615	-	-	-	-	-	-	456,615
Amounts due to related companies	8,548	-	-	-	-	-	-	8,548
Bonds	54,644	1,475	12,677	3,470	8,557,432	-	-	8,629,698
Other borrowings	-	-	17,880	-	-	3,227,018	-	3,244,898
Subordinated obligations	-	747,435	29,527	987,949	7,552,865	200,000	-	9,517,776
<b>Total liabilities</b>	<b>196,860,713</b>	<b>63,463,867</b>	<b>28,221,226</b>	<b>23,388,515</b>	<b>25,583,761</b>	<b>6,472,743</b>	<b>-</b>	<b>343,990,825</b>
<b>Net liquidity gap</b>	<b>(64,072,519)</b>	<b>(42,881,820)</b>	<b>(18,397,918)</b>	<b>(13,725,711)</b>	<b>38,611,152</b>	<b>116,143,371</b>	<b>22,705,896</b>	

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Bank 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>								
Cash and short-term funds	22,003,264	-	-	-	-	-	-	22,003,264
Reverse repurchase agreements	4,613,546	348,816	-	-	-	-	-	4,962,362
Deposits and placements with banks and other financial institutions	-	2,433,156	698,234	303,385	-	-	-	3,434,775
Investment account placement	3,919,753	-	-	-	-	-	-	3,919,753
Financial investments at fair value through profit or loss	5,975,780	7,523,063	2,293,388	1,944,290	5,063,269	3,933,100	2,526,305	29,259,195
Debt instruments at fair value through other comprehensive income	181,602	491,734	1,152,683	1,243,468	11,214,986	20,796,788	-	35,081,261
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	274,727	274,727
Debt instruments at amortised cost	1,584,642	2,366,853	1,543,790	2,009,258	12,680,930	20,861,909	-	41,047,382
Derivative financial instruments	907,592	1,113,992	1,426,485	588,192	1,576,519	569,077	-	6,181,857
Loans, advances and financing	25,766,638	11,529,873	4,047,764	8,638,251	28,783,427	113,946,234	-	192,712,187
Other assets	4,203,010	1,564	50,619	142,490	221,611	189,459	-	4,808,753
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	15,909
Amounts due from subsidiaries	9,282	-	-	-	-	-	-	9,282
Amounts due from related companies	2,142,164	-	-	-	-	-	-	2,142,164
Tax recoverable	-	-	-	-	-	-	405,976	405,976
Deferred taxation	-	-	-	-	-	-	891,970	891,970
Statutory deposits with central banks	-	-	-	-	-	-	1,467,797	1,467,797
Investment in subsidiaries	-	-	-	-	-	-	6,823,365	6,823,365
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Property, plant and equipment	-	-	-	-	-	-	557,611	557,611
Right-of-use assets	-	-	-	-	-	-	440,055	440,055
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	1,040,962	1,040,962
Non-current assets held for sale	-	-	-	-	-	-	19,595	19,595
<b>Total assets</b>	<b>71,323,182</b>	<b>25,809,051</b>	<b>11,212,963</b>	<b>14,869,334</b>	<b>59,540,742</b>	<b>160,296,567</b>	<b>18,128,438</b>	<b>361,180,277</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Bank 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>								
Deposits from customers	159,314,943	33,272,384	21,932,564	19,992,242	1,042,436	227,741	-	235,782,310
Deposits and placements of banks and other financial institutions	9,701,717	10,639,660	2,288,594	1,541,569	1,008,496	850,000	-	26,030,036
Repurchase agreements	14,403,858	10,042,521	450,177	302,521	-	-	-	25,199,077
Financial liabilities designated at fair value through profit or loss	304	-	-	10,092	248,377	2,909	-	261,682
Derivative financial instruments	727,146	1,056,411	1,393,925	519,302	1,352,552	548,582	-	5,597,918
Bills and acceptances payable	488,949	21,369	18,689	-	-	-	-	529,007
Other liabilities	5,175,517	446,806	583,678	723,324	234,279	1,008,810	-	8,172,414
Lease liabilities	1,218	3,171	7,957	37,948	289,842	126,081	-	466,217
Recourse obligation on loans and financing sold to Cagamas	-	399	3,991	325,988	238,560	429,308	-	998,246
Amounts due to subsidiaries	273,949	-	-	-	-	-	-	273,949
Amounts due to related companies	2,679	-	-	-	-	-	-	2,679
Bonds	6,512	2,172,517	1,024,213	169,963	5,639,523	837,058	-	9,849,786
Other borrowings	1,707	1,916	-	2,710,175	-	-	-	2,713,798
Subordinated obligations	59,049	-	-	1,522,474	6,835,272	200,000	-	8,616,795
<b>Total liabilities</b>	<b>190,157,548</b>	<b>57,657,154</b>	<b>27,703,788</b>	<b>27,855,598</b>	<b>16,889,337</b>	<b>4,230,489</b>	<b>-</b>	<b>324,493,914</b>
<b>Net liquidity gap</b>	<b>(118,834,366)</b>	<b>(31,848,103)</b>	<b>(16,490,825)</b>	<b>(12,986,264)</b>	<b>42,651,405</b>	<b>156,066,078</b>	<b>18,128,438</b>	

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis****Non-derivative financial liabilities**

The tables below present the cash flows payable by the Group and the Bank 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:

<b>The Group 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	238,585,683	64,411,225	35,371,632	32,091,370	7,921,945	286,247	-	378,668,102
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	16,597,730	12,469,501	2,653,848	900,362	1,348,859	647,910	-	34,618,210
Repurchase agreements/Collateralised Commodity Murabahah	12,029,825	15,407,692	5,423,965	642,715	973,021	-	-	34,477,218
Bills and acceptances payable	620,646	53,415	28,919	15,502	677,793	147,906	-	1,544,181
Financial liabilities designated at fair value through profit or loss	(24,992)	16,986	254,042	73,879	5,776,736	1,374,086	-	7,470,737
Other liabilities	12,915,508	535,276	694,429	1,282,539	695,943	1,712,768	6,866	17,843,329
Lease liabilities	4,231	37,533	39,229	74,942	309,943	67,864	-	533,742
Recourse obligation on loans and financing sold to Cagamas	-	1,669	11,878	15,178	586,097	213,122	-	827,944
Amounts due to related companies	18,827	-	-	-	-	-	-	18,827
Bonds, Sukuk and debentures	91,804	61,069	193,444	211,716	9,661,542	-	-	10,219,575
Other borrowings	4,516	4,381	95,878	6,961	86,539	4,105,853	-	4,304,128
Subordinated obligations	24,519	805,127	200,808	1,231,450	7,527,595	1,969,522	-	11,759,021
Financial guarantees	3,551,560	665,642	52,257	1,441,977	166,150	3,171	-	5,880,757
Credit related commitments and contingencies	69,763,562	1,352,809	2,060,295	11,312,744	5,959,811	31,483,645	664,306	122,597,172
	<b>356,664,869</b>	<b>97,942,231</b>	<b>51,021,886</b>	<b>54,020,473</b>	<b>41,830,227</b>	<b>42,661,617</b>	<b>671,172</b>	<b>644,812,475</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank 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)

<b>The Group 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	226,024,339	59,477,708	38,191,738	34,314,491	1,472,552	258,730	-	359,739,558
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	13,341,987	11,195,112	2,617,079	1,627,290	1,173,487	850,000	-	30,804,955
Repurchase agreements/Collateralised Commodity Murabahah	17,693,119	10,371,687	450,177	302,521	-	-	-	28,817,504
Bills and acceptances payable	549,232	21,837	20,823	4,885	601,570	127,905	-	1,326,252
Financial liabilities designated at fair value through profit or loss	1,209	98,908	102,961	26,438	1,661,895	1,708,325	-	3,599,736
Other liabilities	7,063,877	475,089	586,504	730,741	296,804	1,404,116	-	10,557,131
Lease liabilities	2,617	33,150	35,195	82,011	337,944	65,293	-	556,210
Recourse obligation on loans and financing sold to Cagamas	-	1,008	19,502	347,639	338,428	478,633	-	1,185,210
Amounts due to related companies	6,972	-	-	-	-	-	-	6,972
Bonds, Sukuk and debentures	7,340	3,192,158	1,278,875	448,680	6,515,162	855,703	-	12,297,918
Other borrowings	47,149	26,580	34,807	2,730,226	4,151	1,015	-	2,843,928
Subordinated obligations	83,748	48,289	181,779	1,761,323	6,586,843	2,062,037	-	10,724,019
Financial guarantees	3,169,463	198,243	47,672	1,156,928	163,894	3,662	-	4,739,862
Credit related commitments and contingencies	48,288,257	3,646,888	301,204	3,363,482	6,328,221	17,685,298	390,559	80,003,909
	<b>317,977,245</b>	<b>90,311,293</b>	<b>47,153,392</b>	<b>50,313,547</b>	<b>25,627,414</b>	<b>26,035,143</b>	<b>390,559</b>	<b>557,808,593</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank 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)

<b>The Bank 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	163,043,294	34,946,467	19,403,535	19,773,355	3,764,325	248,014	-	241,178,990
Deposits and placements of banks and other financial institutions	13,744,534	11,598,138	2,396,847	829,018	1,107,109	647,910	-	30,323,556
Repurchase agreements	10,460,183	13,874,487	5,076,998	642,715	-	-	-	30,054,383
Bills and acceptances payable	591,339	52,374	20,800	-	-	-	-	664,513
Financial liabilities designated at fair value through profit or loss	(28,595)	9,838	8,999	32,962	1,245,091	2,790	-	1,271,085
Other liabilities	7,495,846	507,576	694,146	1,282,004	625,156	1,689,732	-	12,294,460
Lease liabilities	3,068	34,216	35,030	66,229	252,077	50,452	-	441,072
Recourse obligation on loans and financing sold to Cagamas	-	1,669	11,878	15,178	586,097	213,122	-	827,944
Amounts due to subsidiaries	456,615	-	-	-	-	-	-	456,615
Amounts due to related companies	8,548	-	-	-	-	-	-	8,548
Bonds	61,012	6,643	90,337	162,048	9,087,645	-	-	9,407,685
Other borrowings	-	-	89,089	-	-	4,103,396	-	4,192,485
Subordinated obligations	-	779,455	120,104	1,174,744	8,345,934	224,022	-	10,644,259
Financial guarantees	3,214,220	665,642	52,257	279,910	166,150	3,171	-	4,381,350
Credit related commitments and contingencies	54,874,491	1,247,755	2,008,986	7,280,383	5,222,157	18,686,772	664,306	89,984,850
	<b>253,924,555</b>	<b>63,724,260</b>	<b>30,009,006</b>	<b>31,538,546</b>	<b>30,401,741</b>	<b>25,869,381</b>	<b>664,306</b>	<b>436,131,795</b>

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank 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)

<b>The Bank 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	159,380,024	33,381,401	22,598,902	20,939,076	1,066,351	227,955	-	237,593,709
Deposits and placements of banks and other financial institutions	10,278,265	10,715,573	2,409,796	1,563,249	1,008,302	850,000	-	26,825,185
Repurchase agreements	14,405,420	10,042,866	450,177	302,521	-	-	-	25,200,984
Bills and acceptances payable	488,949	21,369	18,689	-	-	-	-	529,007
Financial liabilities designated at fair value through profit or loss	38	3,117	2,228	15,692	295,390	3,559	-	320,024
Other liabilities	4,597,447	443,689	584,034	724,199	241,988	1,288,213	-	7,879,570
Lease liabilities	1,380	28,977	29,698	72,627	297,901	46,852	-	477,435
Recourse obligation on loans and financing sold to Cagamas	-	1,008	19,502	347,639	338,428	478,633	-	1,185,210
Amounts due to subsidiaries	273,949	-	-	-	-	-	-	273,949
Amounts due to related companies	2,679	-	-	-	-	-	-	2,679
Bonds	7,334	2,187,529	1,085,106	237,674	5,970,700	855,703	-	10,344,046
Other borrowings	1,964	5,033	442	2,725,926	-	-	-	2,733,365
Subordinated obligations	59,018	19,906	100,033	1,704,664	7,429,951	232,022	-	9,545,594
Financial guarantees	2,923,316	198,243	47,672	169,958	163,894	3,662	-	3,506,745
Credit related commitments and contingencies	45,849,741	1,760,886	201,602	1,225,012	5,853,864	8,128,805	390,559	63,410,469
	<b>238,269,524</b>	<b>58,809,597</b>	<b>27,547,881</b>	<b>30,028,237</b>	<b>22,666,769</b>	<b>12,115,404</b>	<b>390,559</b>	<b>389,827,971</b>

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.3 Liquidity risk (Continued)**

##### **56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)**

###### **Derivative financial liabilities**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis:

<b>The Group 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(1,341,906)	-	-	-	-	-	-	(1,341,906)
- Interest rate derivatives	(4,280,258)	-	-	-	-	-	-	(4,280,258)
- Equity related derivatives	(181,390)	-	-	-	-	-	-	(181,390)
- Commodity related derivatives	(28,362)	-	-	-	-	-	-	(28,362)
- Credit related contracts	(15,612)	-	-	-	-	-	-	(15,612)
- Bond forward	(30,676)	-	-	-	-	-	-	(30,676)
<b>Hedging derivatives</b>								
- Foreign exchange derivatives	-	-	-	162	5,243	2,457	-	7,862
- Interest rate derivatives	219,863	(9,715)	(49,502)	(93,052)	(328,198)	(124,598)	-	(385,202)
	<b>(5,658,341)</b>	<b>(9,715)</b>	<b>(49,502)</b>	<b>(92,890)</b>	<b>(322,955)</b>	<b>(122,141)</b>	<b>-</b>	<b>(6,255,544)</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

<b>The Group 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(2,304,907)	-	-	-	-	-	-	(2,304,907)
- Interest rate derivatives	(2,678,910)	-	-	-	-	-	-	(2,678,910)
- Equity related derivatives	(129,301)	-	-	-	-	-	-	(129,301)
- Commodity related derivatives	(212,472)	-	-	-	-	-	-	(212,472)
- Credit related contracts	(36,777)	-	-	-	-	-	-	(36,777)
- Bond forward	(115,204)	-	-	-	-	-	-	(115,204)
<b>Hedging derivatives</b>								
- Foreign exchange derivatives	-	-	-	-	4,151	1,015	-	5,166
- Interest rate derivatives	58,526	(24,922)	7,416	(32,279)	(178,069)	(61,864)	-	(231,192)
	<b>(5,419,045)</b>	<b>(24,922)</b>	<b>7,416</b>	<b>(32,279)</b>	<b>(173,918)</b>	<b>(60,849)</b>	<b>-</b>	<b>(5,703,597)</b>

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.3 Liquidity risk (Continued)

##### 56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

##### Derivative financial liabilities (Continued)

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

The Bank 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
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(1,334,635)	-	-	-	-	-	-	(1,334,635)
- Interest rate derivatives	(1,879,032)	-	-	-	-	-	-	(1,879,032)
- Equity related derivatives	(180,740)	-	-	-	-	-	-	(180,740)
- Commodity related derivatives	(28,362)	-	-	-	-	-	-	(28,362)
- Credit related contracts	(15,552)	-	-	-	-	-	-	(15,552)
- Bond forward	-	-	-	-	-	-	-	-
<b>Hedging derivatives</b>								
- Interest rate derivatives	210,996	(9,880)	(55,686)	(96,822)	(342,590)	(87,684)	-	(381,666)
	(3,227,325)	(9,880)	(55,686)	(96,822)	(342,590)	(87,684)	-	(3,819,987)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

<b>The Bank 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(2,303,569)	-	-	-	-	-	-	(2,303,569)
- Interest rate derivatives	(1,122,559)	-	-	-	-	-	-	(1,122,559)
- Equity related derivatives	(124,032)	-	-	-	-	-	-	(124,032)
- Commodity related derivatives	(212,472)	-	-	-	-	-	-	(212,472)
- Credit related contracts	(36,812)	-	-	-	-	-	-	(36,812)
- Bond forward	(3,909)	-	-	-	-	-	-	(3,909)
<b>Hedging derivatives</b>								
- Interest rate derivatives	60,934	(24,573)	2,566	(36,433)	(191,904)	(34,831)	-	(224,241)
	<u>(3,742,419)</u>	<u>(24,573)</u>	<u>2,566</u>	<u>(36,433)</u>	<u>(191,904)</u>	<u>(34,831)</u>	<u>-</u>	<u>(4,027,594)</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, and cross currency interest rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

<b>The Group 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(10,745,611)	-	-	-	-	-	-	(10,745,611)
<b>Hedging derivatives</b>								
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
	<b>(10,761,248)</b>	<b>(120,444)</b>	<b>(44,419)</b>	<b>(17,158)</b>	<b>(94,536)</b>	<b>(394)</b>	<b>-</b>	<b>(11,038,199)</b>



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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 56 Financial Risk Management (Continued)

#### 56.3 Liquidity risk (Continued)

##### 56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

##### Derivative financial liabilities (Continued)

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity 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
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(5,056,033)	-	-	-	-	-	-	(5,056,033)
<b>Hedging derivatives</b>								
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
	(5,053,247)	1,803	359	13,454	(1,099)	(1,366)	-	(5,040,096)

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for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

<b>The Bank 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(3,749,361)	-	-	-	-	-	-	(3,749,361)
<b>Derivative financial liabilities</b>								
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(140,543)	(1,347,787)	(977,809)	(210,917)	(956,729)	-	-	(3,633,785)
- Inflow	130,360	1,289,406	935,321	187,254	908,737	-	-	3,451,078
	<b>(3,759,544)</b>	<b>(58,381)</b>	<b>(42,488)</b>	<b>(23,663)</b>	<b>(47,992)</b>	<b>-</b>	<b>-</b>	<b>(3,932,068)</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

<b>The Bank 2021</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(1,548,408)	-	-	-	-	-	-	(1,548,408)
<b>Derivative financial liabilities</b>								
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(572,192)	(815,598)	(126,827)	(129,850)	(889,785)	-	-	(2,534,252)
- Inflow	568,474	811,305	128,066	132,011	873,083	-	-	2,512,939
	<b>(1,552,126)</b>	<b>(4,293)</b>	<b>1,239</b>	<b>2,161</b>	<b>(16,702)</b>	<b>-</b>	<b>-</b>	<b>(1,569,721)</b>

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.4 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.

##### **56.4.1 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: <ul style="list-style-type: none"><li>• Quoted prices for similar assets and liabilities in active markets; or</li><li>• Quoted prices for identical or similar assets and liabilities in non-active markets; or</li><li>• Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.</li></ul> |
| 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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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.

#### **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 GMRC 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 GMRC;
- 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group Fair Value				The Bank Fair Value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000
<b>2022</b>								
<i>Recurring fair value measurements</i>								
<u>Financial assets</u>								
Financial investments at fair value through profit or loss								
-Money market instruments	-	23,216,501	295,529	23,512,030	-	19,297,362	295,529	19,592,891
-Quoted securities	1,340,074	-	-	1,340,074	1,340,074	-	-	1,340,074
-Unquoted securities	-	4,609,786	1,150,009	5,759,795	-	3,635,375	1,136,479	4,771,854
Debt instruments at fair value through other comprehensive income								
-Money market instruments	-	19,921,904	-	19,921,904	-	11,944,132	-	11,944,132
-Unquoted securities	-	28,550,384	-	28,550,384	-	22,761,975	-	22,761,975
Equity instruments at fair value through other comprehensive income								
-Quoted securities	1,860	-	-	1,860	72	-	-	72
-Unquoted securities	-	-	272,761	272,761	-	-	267,685	267,685
Derivative financial instruments								
-Trading derivatives	11,558	16,457,849	115,732	16,585,139	11,558	7,083,550	115,732	7,210,840
-Hedging derivatives	-	1,208,061	-	1,208,061	-	949,462	-	949,462
Loans, advances and financing at fair value through profit or loss								
	-	107,552	-	107,552	-	107,552	-	107,552
<i>Non-recurring fair value measurements</i>								
<u>Non-financial assets</u>								
Non-current assets/disposal groups held for sale	-	7,471	-	7,471	-	7,471	-	7,471
<b>Total</b>	<b>1,353,492</b>	<b>94,079,508</b>	<b>1,834,031</b>	<b>97,267,031</b>	<b>1,351,704</b>	<b>65,786,879</b>	<b>1,815,425</b>	<b>68,954,008</b>
<i>Recurring fair value measurements</i>								
<u>Financial liabilities</u>								
Derivative financial instruments								
-Trading derivatives	42,227	16,461,358	120,230	16,623,815	42,227	7,018,071	127,384	7,187,682
-Hedging derivatives	-	643,450	-	643,450	-	615,936	-	615,936
Financial liabilities designated at fair value through profit or loss								
	-	6,668,894	-	6,668,894	-	1,119,964	-	1,119,964
<b>Total</b>	<b>42,227</b>	<b>23,773,702</b>	<b>120,230</b>	<b>23,936,159</b>	<b>42,227</b>	<b>8,753,971</b>	<b>127,384</b>	<b>8,923,582</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group Fair Value				The Bank Fair Value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000
<b>2021</b>								
<i>Recurring fair value measurements</i>								
<u>Financial assets</u>								
Financial investments at fair value through profit or loss								
-Money market instruments	-	28,719,832	398,711	29,118,543	-	21,044,300	398,711	21,443,011
-Quoted securities	1,406,435	-	-	1,406,435	1,406,435	-	-	1,406,435
-Unquoted securities	-	6,761,527	1,133,117	7,894,644	-	5,289,879	1,119,870	6,409,749
Debt instruments at fair value through other								
-Money market instruments	-	16,399,801	-	16,399,801	-	11,082,662	-	11,082,662
-Unquoted securities	-	30,074,356	-	30,074,356	-	23,998,599	-	23,998,599
Equity instruments at fair value through								
-Quoted securities	7,473	-	-	7,473	83	-	-	83
-Unquoted securities	-	-	281,114	281,114	-	-	274,644	274,644
Derivative financial instruments								
-Trading derivatives	146,868	10,992,784	234,395	11,374,047	146,868	5,433,228	234,395	5,814,491
-Hedging derivatives	-	453,808	-	453,808	-	367,366	-	367,366
Loans, advances and financing at fair value through profit or loss	-	357,853	-	357,853	-	357,853	-	357,853
<i>Non-recurring fair value measurements</i>								
<u>Non-financial assets</u>								
Non-current assets/disposal groups held for sale	-	19,595	-	19,595	-	19,595	-	19,595
<b>Total</b>	<b>1,560,776</b>	<b>93,779,556</b>	<b>2,047,337</b>	<b>97,387,669</b>	<b>1,553,386</b>	<b>67,593,482</b>	<b>2,027,620</b>	<b>71,174,488</b>
<i>Recurring fair value measurements</i>								
<u>Financial liabilities</u>								
Derivative financial instruments								
-Trading derivatives	91,701	10,402,144	39,759	10,533,604	91,701	5,200,180	59,880	5,351,761
-Hedging derivatives	-	273,806	-	273,806	-	246,157	-	246,157
Financial liabilities designated at fair value through profit or loss	-	3,285,777	-	3,285,777	-	261,682	-	261,682
<b>Total</b>	<b>91,701</b>	<b>13,961,727</b>	<b>39,759</b>	<b>14,093,187</b>	<b>91,701</b>	<b>5,708,019</b>	<b>59,880</b>	<b>5,859,600</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 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 and the Bank:

	Financial Assets			Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>						
<b>2022</b>						
<b>At 1 January</b>	1,531,828	281,114	234,395	2,047,337	(39,759)	(39,759)
Total (losses)/gains recognised in statement of income	(64,470)	-	(120,127)	(184,597)	3,011	3,011
Total losses recognised in other comprehensive income	-	(8,719)	-	(8,719)	-	-
Purchases	329	-	6,889	7,218	(214,475)	(214,475)
Sales and redemptions	(52,991)	(105)	-	(53,096)	-	-
Settlements	-	-	(7,909)	(7,909)	133,316	133,316
Reclassification	-	-	-	-	-	-
Exchange fluctuation	30,842	471	2,484	33,797	(2,323)	(2,323)
<b>At 31 December</b>	<b>1,445,538</b>	<b>272,761</b>	<b>115,732</b>	<b>1,834,031</b>	<b>(120,230)</b>	<b>(120,230)</b>
Total (losses)/gains recognised in statement of income for financial year ended 31 December 2022 under:						
- net non-interest income	(64,470)	-	(120,127)	(184,597)	3,011	3,011
Total losses recognised in other comprehensive income for financial year ended 31 December 2022 under "revaluation reserves"	-	(8,719)	-	(8,719)	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 December 2022 under "net non-interest income"	(69,580)	-	447,419	377,839	(92,639)	(92,639)



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 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 and the Bank: (Continued)

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income Unquoted securities	Equity instruments at fair value through other comprehensive income Unquoted securities	Derivative financial instruments Trading derivatives		Derivative financial instruments Trading derivatives	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>							
<b>2021</b>							
At 1 January	1,615,772	1	266,704	157,301	2,039,778	(8,313)	(8,313)
Total gains/(losses) recognised in statement of income	29,631	-	-	79,805	109,436	(26,475)	(26,475)
Total gains recognised in other comprehensive income	-	-	29,140	-	29,140	-	-
Purchases	2,276	-	52	6,076	8,404	(28,630)	(28,630)
Sales and redemptions	(141,336)	(1)	(14,767)	-	(156,104)	-	-
Settlements	-	-	-	(8,885)	(8,885)	23,740	23,740
Reclassification	-	-	-	-	-	-	-
Exchange fluctuation	25,485	-	(15)	98	25,568	(81)	(81)
<b>At 31 December</b>	<b>1,531,828</b>	<b>-</b>	<b>281,114</b>	<b>234,395</b>	<b>2,047,337</b>	<b>(39,759)</b>	<b>(39,759)</b>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2021 under:							
- net non-interest income	29,631	-	-	79,805	109,436	(26,475)	(26,475)
Total gains recognised in other comprehensive income for financial year ended 31 December 2021 under "revaluation reserves"	-	-	29,140	-	29,140	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2021 under "net non-interest income"	26,821	-	-	395,810	422,631	(83,282)	(83,282)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 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 and the Bank: (Continued)

	Financial Assets			Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>The Bank</b>						
<b>2022</b>						
<b>At 1 January</b>	1,518,581	274,644	234,395	2,027,620	(59,880)	(59,880)
Total (losses)/gains recognised in statement of income	(64,753)	-	(120,127)	(184,880)	15,978	15,978
Total losses recognised in other comprehensive income	-	(7,254)	-	(7,254)	-	-
Purchases	329	-	6,889	7,218	(214,475)	(214,475)
Sales and redemptions	(52,991)	(105)	-	(53,096)	-	-
Settlements	-	-	(7,909)	(7,909)	133,316	133,316
Exchange fluctuation	30,842	400	2,484	33,726	(2,323)	(2,323)
<b>At 31 December</b>	<b>1,432,008</b>	<b>267,685</b>	<b>115,732</b>	<b>1,815,425</b>	<b>(127,384)</b>	<b>(127,384)</b>
Total (losses)/gains recognised in statement of income for financial year ended 31 December 2022 under:						
- net non-interest income	(64,753)	-	(120,127)	(184,880)	15,978	15,978
Total losses recognised in other comprehensive income for financial year ended 31 December 2022 under "revaluation reserves"	-	(7,254)	-	(7,254)	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 December 2022 under "net non-interest income"	(69,863)	-	447,419	377,556	(79,671)	(79,671)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 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 and the Bank: (Continued)

	Financial Assets			Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>						
<b>2021</b>						
At 1 January	1,603,285	262,939	157,301	2,023,525	(40,081)	(40,081)
Total gains/(losses) recognised in statement of income	28,871	-	79,805	108,676	(14,828)	(14,828)
Total gains recognised in other comprehensive income	-	26,073	-	26,073	-	-
Purchases	2,276	-	6,076	8,352	(28,630)	(28,630)
Sales and redemptions	(141,336)	(14,678)	-	(156,014)	-	-
Settlements	-	-	(8,885)	(8,885)	23,740	23,740
Exchange fluctuation	25,485	310	98	25,893	(81)	(81)
<b>At 31 December</b>	<b>1,518,581</b>	<b>274,644</b>	<b>234,395</b>	<b>2,027,620</b>	<b>(59,880)</b>	<b>(59,880)</b>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2021 under:						
- net non-interest income	28,871	-	79,805	108,676	(14,828)	(14,828)
Total gains recognised in other comprehensive income for financial year ended 31 December 2021 under "revaluation reserves"	-	26,073	-	26,073	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2021 under "net non-interest income"	26,061	-	395,810	421,871	(71,636)	(71,636)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost**

The following tables analyse within the fair value hierarchy the Group'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:

	Carrying amount RM'000	The Group Fair Value		Total RM'000
		Level 1 RM'000	Level 2 RM'000	
<b>2022</b>				
<b>Financial assets</b>				
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah	9,607,095	-	9,607,095	9,607,095
Deposits and placements with banks and other financial institutions	2,655,745	-	2,651,407	2,651,407
Debt instruments at amortised cost	58,339,507	-	57,518,293	57,518,293
Loans, advances and financing at amortised cost	340,722,409	-	337,692,306	337,692,306
<b>Total</b>	<b>411,324,756</b>	<b>-</b>	<b>407,469,101</b>	<b>407,469,101</b>
<b>Financial liabilities</b>				
Deposits from customers	375,557,348	-	372,700,831	372,700,831
Investment accounts of customer	13,684,632	-	13,737,357	13,737,357
Deposits and placements of banks and other financial institutions	33,651,841	-	33,546,986	33,546,986
Repurchase agreements/Collateralised Commodity Murabahah	34,456,301	-	34,433,223	34,433,223
Recourse obligation on loans and financing sold to Cagamas	650,667	-	670,727	670,727
Bonds, Sukuk and debentures	9,436,209	-	9,275,496	9,275,496
Other borrowings	3,340,333	-	3,335,392	3,335,392
Subordinated obligations	9,969,400	-	9,921,362	9,921,362
<b>Total</b>	<b>480,746,731</b>	<b>-</b>	<b>477,621,374</b>	<b>477,621,374</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Group'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)

	Carrying amount RM'000	The Group Fair Value		Total RM'000
		Level 1 RM'000	Level 2 RM'000	
<b>2021</b>				
<b>Financial assets</b>				
Reverse repurchase agreements	5,414,051	-	5,414,051	5,414,051
Deposits and placement with banks and other financial institutions	3,556,817	-	3,553,399	3,553,399
Debt instruments at amortised cost	50,479,403	-	50,629,475	50,629,475
Loans, advances and financing at amortised cost	313,620,726	-	313,316,376	313,316,376
<b>Total</b>	<b>373,070,997</b>	<b>-</b>	<b>372,913,301</b>	<b>372,913,301</b>
<b>Financial liabilities</b>				
Deposits from customers	357,504,040	-	353,910,333	353,910,333
Investment accounts of customer	10,427,167	-	10,489,097	10,489,097
Deposits and placements of banks and other financial institutions	30,003,495	-	29,909,943	29,909,943
Repurchase agreements/Collateralised Commodity Murabahah	28,815,159	-	28,809,563	28,809,563
Recourse obligation on loans and financing sold to Cagamas	998,246	-	1,039,733	1,039,733
Bonds, Sukuk and debentures	11,800,169	-	11,885,840	11,885,840
Other borrowings	2,822,811	-	2,820,315	2,820,315
Subordinated obligations	9,082,448	-	9,158,179	9,158,179
<b>Total</b>	<b>451,453,535</b>	<b>-</b>	<b>448,023,003</b>	<b>448,023,003</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Bank'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:

	Carrying amount RM'000	The Bank Fair Value		Total RM'000
		Level 1 RM'000	Level 2 RM'000	
<b>2022</b>				
<b>Financial assets</b>				
Reverse repurchase agreements	8,370,639	-	8,370,639	8,370,639
Deposits and placement with banks and other financial institutions	7,069,270	-	7,064,933	7,064,933
Debt instruments at amortised cost	46,772,580	-	45,883,709	45,883,709
Loans, advances and financing at amortised cost	198,001,717	-	195,848,432	195,848,432
<b>Total</b>	<b>260,214,206</b>	<b>-</b>	<b>257,167,713</b>	<b>257,167,713</b>
<b>Financial liabilities</b>				
Deposits from customers	239,701,016	-	238,656,670	238,656,670
Deposits and placements of banks and other financial institutions	29,449,368	-	29,360,665	29,360,665
Repurchase agreements	30,033,769	-	30,010,691	30,010,691
Recourse obligation on loans and financing sold to Cagamas	650,667	-	670,727	670,727
Bonds	8,629,698	-	8,469,065	8,469,065
Other borrowings	3,244,898	-	3,239,957	3,239,957
Subordinated obligations	9,517,776	-	9,498,439	9,498,439
<b>Total</b>	<b>321,227,192</b>	<b>-</b>	<b>319,906,214</b>	<b>319,906,214</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Bank'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 Bank			
	Carrying amount RM'000	Fair Value		Total RM'000
2021	Level 1 RM'000	Level 2 RM'000		
<b>Financial assets</b>				
Reverse repurchase agreements	4,962,362	-	4,962,362	4,962,362
Deposits and placement with banks and other financial institutions	3,434,775	-	3,431,357	3,431,357
Debt instruments at amortised cost	41,047,382	-	40,891,684	40,891,684
Loans, advances and financing at amortised cost	192,354,334	-	193,627,529	193,627,529
<b>Total</b>	<b>241,798,853</b>	<b>-</b>	<b>242,912,932</b>	<b>242,912,932</b>
<b>Financial liabilities</b>				
Deposits from customers	235,782,310	-	234,340,128	234,340,128
Deposits and placements of banks and other financial institutions	26,030,036	-	25,948,940	25,948,940
Repurchase agreements	25,199,077	-	25,193,481	25,193,481
Recourse obligation on loans and financing sold to Cagamas	998,246	-	1,039,733	1,039,733
Bonds	9,849,786	-	9,935,458	9,935,458
Other borrowings	2,713,798	-	2,711,302	2,711,302
Subordinated obligations	8,616,795	-	8,673,874	8,673,874
<b>Total</b>	<b>309,190,048</b>	<b>-</b>	<b>307,842,916</b>	<b>307,842,916</b>

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.4 Fair value estimation (Continued)**

##### **56.4.2 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**

For short-term funds and placements with financial institutions 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 Bank establishes 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.



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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.4 Fair value estimation (Continued)**

##### **56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

###### **Amount due (to)/from subsidiaries and related companies and amount due from holding company and ultimate holding company**

The estimated fair values of the amount due (to)/from subsidiaries and related companies and amount due from ultimate holding company 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 placements from investment accounts 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.

###### **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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.4 Fair value estimation (Continued)**

##### **56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

###### **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.

###### **Lease liabilities**

The estimated fair values of lease 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 bonds, Sukuk and debentures and other 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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.4 Fair value estimation (Continued)**

##### **56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

###### **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.

##### **56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3)**

Certain credit derivatives products where valuation inputs are unobservable are valued using analytic/semi-analytic pricing models that model credit default with other market variables such as foreign exchange (“FX”) rates in a mathematically and theoretically consistent framework. These valuation models are the usual market standard used in credit derivatives pricing.

Credit derivatives inputs deemed to trigger Level 3 classification:

- Correlation between Credit and FX

Actual transactions, where available, are used to regularly recalibrate such unobservable parameters.

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for calculating 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

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **56 Financial Risk Management (Continued)**

#### **56.4 Fair value estimation (Continued)**

##### **56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)**

- 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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 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 inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Derivative financial instruments</b>						
- Credit derivatives (The Group)	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.
- Credit derivatives (The Bank)	3,571	(7,363)				
- Equity derivatives (The Group)	112,161	(120,021)	Option pricing	Equity volatility	7.75% to 76.87%	Higher volatility results in higher/lower fair value depending on the net long/short positions
- Equity derivatives (The Bank)	112,161	(120,021)				
<b>Financial investments at fair value through profit or loss</b>						
- Unquoted shares and private equity funds (The Group)	1,150,009	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Promissory notes (The Group and The Bank)	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 result 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 (The Bank)	1,136,479	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
<b>Equity instruments at fair value through other comprehensive income</b>						
- Unquoted shares and private equity funds (The Group)	272,761	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Unquoted shares and private equity funds (The Bank)	267,685	Not applicable				

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 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 inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Derivative financial instruments</b>						
- Credit derivatives (The Group)	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.
- Credit derivatives (The Bank)	63	(20,635)				
- Equity derivatives (The Group )	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
- Equity derivatives (The Bank)	234,332	(39,245)				
<b>Financial investments at fair value through profit or loss</b>						
- Unquoted shares and private equity funds (The Group)	1,133,117	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Promissory notes (The Group and The Bank)	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 (The Bank)	1,119,870	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
<b>Equity instruments at fair value through other comprehensive income</b>						
- Unquoted shares and private equity funds (The Group)	281,114	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Unquoted shares and private equity funds (The Bank)	274,644					

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 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:	
		Favorable changes RM'000	Unfavorable changes RM'000
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	16	-
	-10%	-	(18)
- Equity derivatives	+25%	9,522	-
	-25%	-	(12,280)
<b>Financial investments at fair value through profit or loss</b>			
Promissory notes	+10%*	18,490	-
	-10%*	-	(18,490)
<b>Total</b>		<b>28,028</b>	<b>(30,788)</b>
<b>2021</b>			
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	1	-
	-10%	-	(1)
- Equity derivatives	+25%	21,300	-
	-25%	-	(25,432)
<b>Financial investments at fair value through profit or loss</b>			
Promissory notes	+10%*	25,609	-
	-10%*	-	(25,609)
<b>Total</b>		<b>46,910</b>	<b>(51,042)</b>

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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****Sensitivity analysis for Level 3 (Continued)****The Bank**

2022	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Favorable changes RM'000	Unfavorable changes RM'000
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	16	-
	-10%	-	(19)
- Equity derivatives	+25%	9,522	-
	-25%	-	(12,280)
<b>Financial investments at fair value through profit or loss</b>			
Promissory notes	+10%*	18,490	-
	-10%*	-	(18,490)
<b>Total</b>		<b>28,028</b>	<b>(30,789)</b>
<b>2021</b>			
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	2	-
	-10%	-	(1)
- Equity derivatives	+25%	21,300	-
	-25%	-	(25,432)
<b>Financial investments at fair value through profit or loss</b>			
Promissory notes	+10%*	25,609	-
	-10%*	-	(25,609)
<b>Total</b>		<b>46,911</b>	<b>(51,042)</b>

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



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2022**

	Note	The Group		The Bank	
		31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
<b>Assets</b>					
Cash and short-term funds	(a)	16,980,171	12,839,888	2,401,653	1,708,743
Reverse Collateralised Commodity Murabahah		503,206	-	-	-
Deposits and placements with banks and other financial institutions	(b)	197,875	1,263,401	1,836,271	1,084,070
Financial investments at fair value through profit or loss	(c)	2,075,001	5,254,902	32,775	32,512
Debt instruments at fair value through other comprehensive income	(d)	5,274,682	5,334,555	274,298	269,173
Debt Instruments at amortised cost	(e)	9,400,868	8,890,843	39,404	38,340
Islamic derivative financial instruments	(f)(i)	532,332	264,327	65,436	23,040
Financing, advances and other financing/loans	(g)	110,310,199	93,211,323	2,717,448	2,601,908
Other assets	(h)	926,309	1,082,651	437,247	759,310
Deferred taxation	(i)	188,883	173,233	-	-
Tax recoverable		6,170	1,761	-	-
Amount due from conventional operations		1,712,185	1,561,923	-	-
Amount due from related companies		11,884,260	7,372,803	11,884,240	7,372,483
Statutory deposits with Bank Negara Malaysia	15	1,696,000	-	-	-
Goodwill	(j)	136,000	136,000	-	-
Intangible assets	(k)	1,551	19,768	52	295
Property, plant and equipment	(l)	812	1,093	34	82
Right-of-use assets	(m)	1,261	1,613	256	-
<b>Total assets</b>		<b>161,827,765</b>	<b>137,410,084</b>	<b>19,689,114</b>	<b>13,889,956</b>
<b>Liabilities</b>					
Deposits from customers	(n)	106,874,630	100,282,059	4,048,654	4,280,323
Investment accounts of customers	(o)	13,684,632	10,427,167	-	-
Deposits and placements of banks and other financial institutions	(p)	5,625,052	1,649,416	585,076	503,212
Collateralised Commodity Murabahah		1,927,726	328,821	-	-
Investment accounts due to designated financial institutions	(q)	3,576,590	3,919,753	-	-
Financial liabilities designated at fair value through profit or loss	(r)	2,857,004	799,686	-	-
Islamic derivative financial instruments	(f)(i)	777,653	292,760	44,929	20,806
Other liabilities	(s)	14,343,064	8,188,262	13,893,896	7,788,829
Lease liabilities	(t)	1,615	1,866	417	91
Amount due to related companies		415,798	693,870	311,559	594,710
Provision for taxation	(u)	-	51,387	-	-
Subordinated Sukuk	(v)	1,109,342	1,108,045	-	-
<b>Total liabilities</b>		<b>151,193,106</b>	<b>127,743,092</b>	<b>18,884,531</b>	<b>13,187,971</b>
<b>Equity</b>					
Ordinary share capital	(w)	1,000,000	1,000,000	-	-
Perpetual preference shares	(x)	350,000	420,000	-	-
Reserves	(y)	9,284,659	8,246,992	804,583	701,985
<b>Total equity</b>		<b>10,634,659</b>	<b>9,666,992</b>	<b>804,583</b>	<b>701,985</b>
<b>Total equity and liabilities</b>		<b>161,827,765</b>	<b>137,410,084</b>	<b>19,689,114</b>	<b>13,889,956</b>
<b>Restricted Agency Investment Account(*)</b>	(z)	<b>14,280,429</b>	<b>12,748,755</b>	<b>-</b>	<b>-</b>
<b>Total Islamic Banking Assets</b>		<b>176,108,194</b>	<b>150,158,839</b>	<b>19,689,114</b>	<b>13,889,956</b>
<b>Commitment and contingencies</b>	(f)(ii)	<b>63,566,410</b>	<b>49,225,643</b>	<b>2,195,352</b>	<b>3,887,299</b>

\* The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2022**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income derived from investment of depositors' funds and others	(aa)	<b>4,170,606</b>	3,682,340	<b>82,964</b>	67,762
Income derived from investment of investment accounts	(ab)	<b>738,920</b>	401,384	-	-
Net income derived from investment of shareholders' funds	(ac)	<b>654,499</b>	606,982	<b>21,825</b>	33,625
Modification loss	(ad)	<b>(2,845)</b>	(95,749)	-	-
Expected credit losses (made)/written back on financing, advances and other financing/loans	(ae)	<b>(361,266)</b>	(228,113)	<b>(160)</b>	48,566
Expected credit losses written back/(made) for commitments and contingencies	(s)(i)	<b>60,432</b>	(24,253)	<b>47</b>	(22)
Other expected credit losses and impairment allowances made	(af)	<b>(14,038)</b>	(1,736)	<b>(328)</b>	(14)
Total distributable income		<b>5,246,308</b>	4,340,855	<b>104,348</b>	149,917
Income attributable to depositors	(ag)	<b>(2,101,000)</b>	(1,662,078)	<b>(21,271)</b>	(7,041)
Profit distributed to investment account holder	(ah)	<b>(379,556)</b>	(208,489)	-	-
Total net income		<b>2,765,752</b>	2,470,288	<b>83,077</b>	142,876
Personnel expenses	(ai)	<b>(36,994)</b>	(26,828)	<b>(4,703)</b>	(4,456)
Other overheads and expenditures	(aj)	<b>(1,151,129)</b>	(1,089,640)	<b>(2,380)</b>	(1,243)
Profit before taxation and zakat		<b>1,577,629</b>	1,353,820	<b>75,994</b>	137,177
Taxation and zakat	(ak)	<b>(499,603)</b>	(310,756)	-	-
<b>Profit after taxation and zakat</b>		<b>1,078,026</b>	1,043,064	<b>75,994</b>	137,177

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Comprehensive Income for the financial year ended 31 December 2022**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	1,078,026	1,043,064	75,994	137,177
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	115	(4)	-	-
	<u>115</u>	<u>(4)</u>	<u>-</u>	<u>-</u>
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	(65,457)	(126,232)	(2,154)	(7,820)
- Net loss from change in fair value	(98,164)	(118,976)	(2,205)	(7,826)
- Realised gain/(loss) transferred to statement of income on disposal	15,483	(46,269)	-	-
- Changes in expected credit losses	(2,090)	1,232	51	6
- Income tax effects	19,314	37,781	-	-
Cash flow hedge	326	-	326	-
- Net gain from change in fair value	326	-	326	-
Exchange fluctuation reserves	23,653	6,614	28,432	10,615
	<u>(41,478)</u>	<u>(119,618)</u>	<u>26,604</u>	<u>2,795</u>
Other comprehensive (expense)/income for the financial year, net of tax	(41,363)	(119,622)	26,604	2,795
<b>Total comprehensive income for the financial year</b>	<b><u>1,036,663</u></b>	<b><u>923,442</u></b>	<b><u>102,598</u></b>	<b><u>139,972</u></b>
Total net income	2,765,752	2,470,288	83,077	142,876
Add:				
Expected credit losses written back/(made) on financing, advances and other financing/loans	361,266	228,113	160	(48,566)
Expected credit losses (written back)/made for commitments and contingencies	(60,432)	24,253	(47)	22
Other expected credit losses and impairment allowances made	14,038	1,736	328	14
	<u>3,080,624</u>	<u>2,724,390</u>	<u>83,518</u>	<u>94,346</u>
Elimination for transactions with conventional operations	164,019	139,902	293	311
	<u><b>3,244,643</b></u>	<u><b>2,864,292</b></u>	<u><b>83,811</b></u>	<u><b>94,657</b></u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2022**

	Share capital RM'000	Perpetual preference shares RM'000	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Capital contribution by ultimate holding company RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
<b>The Group</b>											
At 1 January 2022	1,000,000	420,000	7,261	(93,804)	944	-	-	(4)	591	8,332,004	9,666,992
Profit for the financial year	-	-	-	-	-	-	-	-	-	1,078,026	1,078,026
Other comprehensive income/(expense), net of tax	-	-	23,653	(65,457)	-	326	-	115	-	-	(41,363)
- debt instruments at fair value through other comprehensive income	-	-	-	(65,457)	-	-	-	-	-	-	(65,457)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	115	-	-	115
- cash flow hedge	-	-	-	-	-	326	-	-	-	-	326
- currency translation difference	-	-	23,653	-	-	-	-	-	-	-	23,653
Total comprehensive income/(expense) for the financial year	-	-	23,653	(65,457)	-	326	-	115	-	1,078,026	1,036,663
Share-based payment expense	-	-	-	-	1,570	-	-	-	199	-	1,769
Shares released under Equity Ownership plan	-	-	-	-	-	-	-	-	(765)	-	(765)
Total transactions with owners recognised directly in equity	-	-	-	-	1,570	-	-	-	(566)	-	1,004
Transfer from regulatory reserve	-	-	-	-	-	-	184,715	-	-	(184,715)	-
Redemption of shares	-	(70,000)	-	-	-	-	-	-	-	-	(70,000)
<b>At 31 December 2022</b>	<b>1,000,000</b>	<b>350,000</b>	<b>30,914</b>	<b>(159,261)</b>	<b>2,514</b>	<b>326</b>	<b>184,715</b>	<b>111</b>	<b>25</b>	<b>9,225,315</b>	<b>10,634,659</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2022 (Continued)**

	Share capital RM'000	Perpetual preference shares RM'000	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
<b>The Group</b>										
At 1 January 2021	1,000,000	420,000	647	32,428	-	213,032	-	1,227	7,075,908	8,743,242
Effect of adopting MFRS 9 At 1 January 2021	-	-	-	-	-	-	-	-	-	-
	1,000,000	420,000	647	32,428	-	213,032	-	1,227	7,075,908	8,743,242
Profit for the financial year	-	-	-	-	-	-	-	-	1,043,064	1,043,064
Other comprehensive income/(expense), net of tax	-	-	6,614	(126,232)	-	-	(4)	-	-	(119,622)
- debt instruments at fair value through other comprehensive income	-	-	-	(126,232)	-	-	-	-	-	(126,232)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	(4)	-	-	(4)
- currency translation difference	-	-	6,614	-	-	-	-	-	-	6,614
Total comprehensive income/(expense) for the financial year	-	-	6,614	(126,232)	-	-	(4)	-	1,043,064	923,442
Share-based payment expense	-	-	-	-	944	-	-	693	-	1,637
Shares released under Equity Ownership plan	-	-	-	-	-	-	-	(1,329)	-	(1,329)
Total transactions with owners recognised directly in equity	-	-	-	-	944	-	-	(636)	-	308
Transfer to regulatory reserve	-	-	-	-	-	(213,032)	-	-	213,032	-
At 31 December 2021	1,000,000	420,000	7,261	(93,804)	944	-	(4)	591	8,332,004	9,666,992

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2022 (Continued)**

	<u>Non- distributable</u>		<u>Distributable</u>		Total RM'000
	Exchange fluctuation reserves RM'000	Hedging reserve RM'000	Debt instruments at fair value through other comprehensive income RM'000	Retained earnings RM'000	
<b>The Bank</b>					
At 1 January 2022	34,820	-	(8,556)	675,721	701,985
Profit for the financial year	-	-	-	75,994	75,994
Other comprehensive income/(expense), net of tax	28,432	326	(2,154)	-	26,604
- currency translation difference	28,432	-	-	-	28,432
- cash flow hedge	-	326	-	-	326
- debt instruments at fair value through other comprehensive income	-	-	(2,154)	-	(2,154)
<b>At 31 December 2022</b>	<b>63,252</b>	<b>326</b>	<b>(10,710)</b>	<b>751,715</b>	<b>804,583</b>

	<u>Non- distributable</u>		<u>Distributable</u>		Total RM'000
	Exchange fluctuation reserves RM'000	Hedging reserve RM'000	Debt instruments at fair value through other comprehensive income RM'000	Retained earnings RM'000	
<b>The Bank</b>					
At 1 January 2021	24,205	(736)	538,544	562,013	562,013
Profit for the financial year	-	-	137,177	137,177	137,177
Other comprehensive income/(expense), net of tax	10,615	(7,820)	-	-	2,795
- currency translation difference	10,615	-	-	-	10,615
- debt instruments at fair value through other comprehensive income	-	(7,820)	-	-	(7,820)
<b>At 31 December 2021</b>	<b>34,820</b>	<b>(8,556)</b>	<b>675,721</b>	<b>701,985</b>	<b>701,985</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2022**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	1,577,629	1,353,820	75,994	137,177
Adjustments for:				
Depreciation of property, plant and equipment	394	422	9	4
Property, plant and equipment written off	3	-	3	-
Amortisation of intangible assets	20,263	37,759	334	311
Depreciation of Right-of-use assets	667	612	89	66
Other expected credit losses and impairment allowances made	14,038	1,736	328	14
Share-based payment expense	1,769	1,637	-	-
Unrealised loss/(gain) from financial investments at fair value through profit or loss	739	9,067	1,462	(647)
Unrealised loss/(gain) on Islamic derivative financial instruments	285,527	10,189	(2,616)	(1,784)
Unrealised gain on foreign exchange	53,452	95,135	33,972	11,514
Expected credit losses on financing, advances and other financing/loans made/(written-back)	439,584	313,810	6,539	(20,175)
Accretion of discount less amortisation of premium	(24,555)	(57,995)	2,418	2,443
Profit income from debt instruments at fair value through other comprehensive income	(206,361)	(166,582)	(10,462)	(7,807)
Profit income from debt instruments at amortised cost	(366,351)	(365,311)	(1,768)	(541)
Net gain/(loss) from sale of debt instruments at fair value through other comprehensive income	15,483	(46,269)	-	-
Net loss from hedging activities	(699)	(460)	(145)	(133)
Profit expense on subordinated Sukuk	45,315	44,428	-	-
Profit expense on Sukuk	-	2,678	-	-
Expected credit losses for commitments and contingencies made	(60,432)	24,253	(47)	22
Modification loss	2,845	95,749	-	-
	<b>1,799,310</b>	<b>1,354,678</b>	<b>106,110</b>	<b>120,464</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2022 (Continued)**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(Increase)/Decrease in operating assets</b>				
Deposits and placements with banks and other financial institutions	(269)	-	(268)	-
Reverse Collateralised Commodity Murabahah	(503,206)	-	-	-
Financial investments at fair value through profit or loss	3,234,626	(29,075)	(1,725)	77,858
Financing, advances and other financing/loans	(17,539,444)	(5,225,241)	(120,295)	937,292
Other assets	135,497	(89,680)	322,389	(180,001)
Amount due from conventional operations	(150,262)	27,622	-	-
Amount due from related companies	(4,511,457)	(1,645,084)	(4,511,757)	(1,644,931)
Statutory deposits with Bank Negara Malaysia	(1,696,000)	-	-	-
Right-of-use assets	(315)	171	(345)	110
<b>Increase/(Decrease) in operating liabilities</b>				
Deposits from customers	6,592,571	(166,704)	(231,669)	134,470
Investment accounts of customers	3,257,465	7,748,297	-	-
Deposits and placements of banks and other financial institutions	3,975,636	(720,062)	81,864	48,772
Collateralised Commodity Murabahah	1,598,905	29,585	-	-
Investment accounts due to designated financial institutions	(343,163)	(831,488)	-	-
Islamic derivative financial instruments	(67,940)	(17,543)	(15,512)	(1,564)
Financial liabilities designated at fair value through profit or loss	2,057,318	728,076	-	-
Amount due to related companies	(278,072)	24,326	(283,151)	28,503
Other liabilities	6,166,192	844,144	6,071,142	1,032,946
Lease liabilities	268	(63)	326	(68)
Cash flows generated from operations	<b>3,727,660</b>	<b>2,031,959</b>	<b>1,417,109</b>	<b>553,851</b>
Taxation and zakat paid	(551,735)	(298,265)	-	-
Cash flows generated from operating activities	<b>3,175,925</b>	<b>1,733,694</b>	<b>1,417,109</b>	<b>553,851</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2022 (Continued)**

	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>				
Net purchase of debt instruments at fair value through other comprehensive income	(62,623)	(1,570,586)	(9,500)	(55,311)
Net purchase of debt instruments at amortised cost	(518,327)	(361,170)	(1,244)	(1,390)
Profit income from debt instruments at fair value through other comprehensive income	205,397	154,799	10,409	7,825
Profit income from debt instruments at amortised cost	369,292	364,876	1,744	531
Purchase of property, plant and equipment	(191)	(167)	(39)	(86)
Purchase of intangible assets	(1,955)	(808)	-	-
Cash flows (used in)/generated from investing activities	<u>(8,407)</u>	<u>(1,413,056)</u>	<u>1,370</u>	<u>(48,431)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of subordinated Sukuk	300,000	-	-	-
Redemption of Sukuk	-	(186,000)	-	-
Profit expense paid on subordinated Sukuk	(44,018)	(44,719)	-	-
Profit expense paid on Sukuk	-	(2,833)	-	-
Repayment of subordinated Sukuk	(300,000)	(10,000)	-	-
Repayment of lease liabilities	(519)	(595)	-	-
Issuance of shares	(70,000)	-	-	-
Cash flows used in financing activities	<u>(114,537)</u>	<u>(244,147)</u>	<u>-</u>	<u>-</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2022 (Continued)**

	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net increase in cash and cash equivalents	3,052,981	76,491	1,418,479	505,420
Effects of exchange rate differences	21,776	5,264	26,632	9,395
Cash and cash equivalents at beginning of financial year	<u>14,103,289</u>	<u>14,021,534</u>	<u>2,792,813</u>	<u>2,277,998</u>
Cash and cash equivalents at end of financial year	<u>17,178,046</u>	<u>14,103,289</u>	<u>4,237,924</u>	<u>2,792,813</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	(a) & (b) <u>17,178,046</u>	<u>14,103,289</u>	<u>4,237,924</u>	<u>2,792,813</u>

(i) An analysis of debt movements for the financial year ended 31 December 2022 and 31 December 2021 is as follows:

	Subordinated Sukuk	Lease Liabilities	Total
	RM'000	RM'000	RM'000
<b>The Group</b>			
At 1 January 2022	1,108,045	1,866	1,109,911
Proceeds from issuance	300,000	-	300,000
Repayment and redemption	(300,000)	(519)	(300,519)
Profit paid	(44,018)	-	(44,018)
Other non cash movement	45,315	268	45,583
At 31 December 2022	<u>1,109,342</u>	<u>1,615</u>	<u>1,110,957</u>

	Subordinated Sukuk	Lease Liabilities	Total
	RM'000	RM'000	RM'000
<b>The Group</b>			
At 1 January 2021	186,155	1,118,336	2,524
Repayment and redemption	(186,000)	(10,000)	(595)
Profit paid	(2,833)	(44,719)	-
Other non cash movement	2,678	44,428	(63)
At 31 December 2021	<u>-</u>	<u>1,108,045</u>	<u>1,866</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(a) Cash and short-term funds**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and balances with banks and other financial institutions	2,143,776	1,895,152	1,960,091	1,708,742
Money at call and deposit placements maturing within one month	14,836,395	10,944,736	441,562	1
	<b>16,980,171</b>	<b>12,839,888</b>	<b>2,401,653</b>	<b>1,708,743</b>
Less: Expected credit loss	-	-	-	-
	<b>16,980,171</b>	<b>12,839,888</b>	<b>2,401,653</b>	<b>1,708,743</b>

**(b) Deposits and placements with banks and other financial institutions**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Licensed banks	198,150	1,263,401	1,836,546	1,084,070
Less: Expected credit loss	(275)	-	(275)	-
	<b>197,875</b>	<b>1,263,401</b>	<b>1,836,271</b>	<b>1,084,070</b>

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	Total RM'000
At 1 January 2022	-	-
Total charge to Statement of Income:	269	269
New financial assets originated	80	80
Financial assets that have been derecognised	(79)	(79)
Change in credit risk	268	268
Exchange fluctuation	6	6
At 31 December 2022	<b>275</b>	<b>275</b>

The Group	12-month expected credit losses (Stage 1)	
	RM'000	Total RM'000
At 1 January 2021	-	-
Total charge to Statement of Income:	-	-
New financial assets originated	51	51
Change in credit risk	(51)	(51)
At 31 December 2021	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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:

The Bank	12-month expected credit	Total
	losses (Stage 1)	
	RM'000	RM'000
At 1 January 2022	-	-
<b>Total charge to Statement of Income:</b>	<b>268</b>	<b>268</b>
Change in credit risk	268	268
Exchange fluctuation	7	7
At 31 December 2022	275	275

The Bank	12-month expected credit	Total
	losses (Stage 1)	
	RM'000	RM'000
At 1 January 2021	-	-
<b>Total charge to Statement of Income:</b>	<b>-</b>	<b>-</b>
New financial assets originated	-	-
Change in credit risk	-	-
Changes in model/risk parameters	-	-
At 31 December 2021	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(c) Financial investments at fair value through profit or loss**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Government investment issue	709,296	584,426	-	-
Malaysian Government treasury bills	445,009	62,959	-	-
Islamic cagamas bonds	405,119	104,948	-	-
Islamic negotiable instruments of deposit	99,789	2,444,411	-	-
Islamic commercial paper	-	1,299,801	-	-
	<u>1,659,213</u>	<u>4,496,545</u>	<u>-</u>	<u>-</u>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate Sukuk	383,013	703,546	-	-
<u>Outside Malaysia</u>				
Corporate Sukuk	-	22,299	-	-
Private equity and unit trusts funds	32,775	32,512	32,775	32,512
	<u>2,075,001</u>	<u>5,254,902</u>	<u>32,775</u>	<u>32,512</u>

**(d) Debt instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Islamic cagamas bonds	35,238	5,119	-	-
Government Investment Issues	1,689,309	1,427,460	174,367	180,173
	<u>1,724,547</u>	<u>1,432,579</u>	<u>174,367</u>	<u>180,173</u>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate Sukuk	3,550,135	3,866,378	99,931	89,000
<u>Outside Malaysia</u>				
Corporate Sukuk	-	35,598	-	-
	<u>5,274,682</u>	<u>5,334,555</u>	<u>274,298</u>	<u>269,173</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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.

The Group	12-month expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	
	RM'000	RM'000	RM'000
<b>Debt instruments at fair value through other comprehensive income</b>			
At 1 January 2022	3,145	-	3,145
<b>Total charge to Statement of Income:</b>	(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
<b>At 31 December 2022</b>	<b>1,056</b>	<b>-</b>	<b>1,056</b>

The Group	12-month expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	
	RM'000	RM'000	RM'000
<b>Debt instruments at fair value through other comprehensive income</b>			
At 1 January 2021	1,913	-	1,913
<b>Total charge to Statement of Income:</b>	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)
<b>At 31 December 2021</b>	<b>3,145</b>	<b>-</b>	<b>3,145</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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: (Continued)**

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. (Continued)

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2022	6	-	6
Total charge to Statement of Income:	51	-	51
Change in credit risk	51	-	51
Exchange fluctuation	1	-	1
At 31 December 2022	58	-	58

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2021	-	-	-
Total charge to Statement of Income:	6	-	6
Change in credit risk	6	-	6
At 31 December 2021	6	-	6

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Islamic cagamas bonds	30,113	30,117	-	-
Other Government's securities	12,652	12,801	12,652	12,801
Malaysia Government Sukuk	101,341	101,341	-	-
Government Investment Issue	3,508,796	3,323,270	-	-
Khazanah bonds	89,047	89,047	-	-
	<b>3,741,949</b>	<b>3,556,576</b>	<b>12,652</b>	<b>12,801</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate Sukuk	5,634,991	5,315,624	-	-
<u>Outside Malaysia</u>				
Corporate Sukuk	26,829	25,603	26,829	25,603
	<b>5,661,820</b>	<b>5,341,227</b>	<b>26,829</b>	<b>25,603</b>
Amortisation of premium net of accretion of discount	(2,406)	(6,216)	-	-
Less : Expected credit losses	(495)	(744)	(77)	(64)
	<b>9,400,868</b>	<b>8,890,843</b>	<b>39,404</b>	<b>38,340</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month expected	Total
	credit losses (Stage 1)	
	RM'000	RM'000
At 1 January 2022	744	744
Total charge to Statement of Income:	(253)	(253)
New financial assets purchased	2,127	2,127
Change in credit risk	(2,380)	(2,380)
Exchange fluctuation	4	4
At 31 December 2022	495	495

The Group	12-month expected	Total
	credit losses (Stage 1)	
	RM'000	RM'000
Debt instruments at amortised cost		
At 1 January 2021	238	238
Total charge to Statement of Income:	504	504
New financial assets purchased	1,001	1,001
Change in credit risk	(497)	(497)
Exchange fluctuation	2	2
At 31 December 2021	744	744

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 57 The operations of Islamic Banking (Continued)

#### (e) Debt instruments at amortised cost (Continued)

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Total RM'000
At 1 January 2022	64	64
<b>Total charge to Statement of Income:</b>	<b>9</b>	<b>9</b>
Change in credit risk	9	9
Exchange fluctuation	4	4
At 31 December 2022	77	77

The Bank	12-month expected credit losses (Stage 1) RM'000	Total RM'000
<b>Debt instruments at amortised cost</b>		
At 1 January 2021	54	54
<b>Total charge to Statement of Income:</b>	<b>8</b>	<b>8</b>
Change in credit risk	8	8
Exchange fluctuation	2	2
At 31 December 2021	64	64

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost (Continued)**

Gross carrying amount movement for debt instruments at amortised cost classified as credit impaired:

The Group	Lifetime expected credit losses	
	- Credit impaired (Stage 3)	Total
	RM'000	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	<u>501,772</u>	<u>501,772</u>

The Group	Lifetime expected credit losses	
	- Credit impaired (Stage 3)	Total
	RM'000	RM'000
<b>Debt instruments at amortised cost</b>		
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	<u>462,399</u>	<u>462,399</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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 statement 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.

	The Group			The Bank		
	Principal	Fair values Assets	Liabilities	Principal	Fair values Assets	Liabilities
At 31 December 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	11,373,784	239,201	(291,700)	235,852	417	(7,009)
Currency swaps	15,656,728	196,664	(202,954)	1,825,616	47,549	(37,826)
Currency spot	25,087	77	(79)	-	-	-
Currency option	52,555	1,650	(1,650)	-	-	-
Cross currency profit rate swaps	822,617	36,625	(32,636)	-	-	-
	27,930,771	474,217	(529,019)	2,061,468	47,966	(44,835)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	5,604,176	28,904	(246,542)	100,000	5,840	(94)
<u>Equity related derivatives</u>						
Equity swap	12,029	130	(124)	-	-	-
<u>Commodity related derivatives</u>						
Commodity options	4,259	8	(8)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	40,400	477	(477)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	882,286	28,596	(1,483)	-	11,630	-
Total derivative assets/(liabilities)	34,473,921	532,332	(777,653)	2,161,468	65,436	(44,929)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

At 31 December 2021	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	10,018,789	111,940	(115,243)	495,891	2,897	(2,324)
Currency swaps	10,174,807	50,023	(41,390)	2,571,942	16,936	(17,186)
Currency spot	60,108	65	(85)	-	-	-
Currency option	235,665	1,244	(1,214)	-	-	-
Cross currency profit rate swaps	891,991	50,104	(46,899)	-	-	-
	21,381,360	213,376	(204,831)	3,067,833	19,833	(19,510)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	4,718,535	44,709	(81,642)	289,186	2,178	(1,296)
<u>Equity related derivatives</u>						
Equity swap	19,513	229	(219)	-	-	-
<u>Commodity related derivatives</u>						
Commodity Swap	23,481	1,133	(978)	-	-	-
Commodity options	46,640	65	(65)	-	-	-
	70,121	1,198	(1,043)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	41,000	1,248	(1,248)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	721,918	3,567	(3,777)	81,305	1,029	-
Total derivative assets/(liabilities)	26,952,447	264,327	(292,760)	3,438,324	23,040	(20,806)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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 and the Bank entered into various commitments and incurred certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank, 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.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2022	2021	2022	2021
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Credit related</u>				
Direct credit substitutes	348,105	282,545	5,269	-
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	28,615	448,975
Miscellaneous commitments and contingencies	60,107	28,512	-	-
Total credit-related commitments and contingencies	<b>29,092,489</b>	<b>22,273,196</b>	<b>33,884</b>	<b>448,975</b>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies (Continued)**

	The Group		The Bank	
	2022	2021	2022	2021
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury related</u>				
Foreign exchange related contracts:				
- less than one year	26,783,974	20,146,800	2,061,468	3,067,833
- one year to less than five years	635,755	722,031	-	-
- five years and above	511,042	512,529	-	-
	<b>27,930,771</b>	21,381,360	<b>2,061,468</b>	3,067,833
Profit rate related contracts:				
- less than one year	1,378,419	740,645	-	-
- one year to less than five years	4,183,641	3,451,457	100,000	342,138
- five years and above	924,402	1,248,351	-	28,353
	<b>6,486,462</b>	5,440,453	<b>100,000</b>	370,491
Equity related contracts:				
- less than one year	12,029	19,513	-	-
	<b>12,029</b>	19,513	-	-
Commodity related contracts:				
- less than one year	4,259	70,121	-	-
	<b>4,259</b>	70,121	-	-
Credit related contracts:				
- one year to less than five years	40,400	41,000	-	-
	<b>40,400</b>	41,000	-	-
Total treasury-related commitments and contingencies				
	<b>34,473,921</b>	26,952,447	<b>2,161,468</b>	3,438,324
	<b>63,566,410</b>	49,225,643	<b>2,195,352</b>	3,887,299

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 57 The operations of Islamic Banking (Continued)

#### (g) Financing, advances and other financing/loans

##### (i) By type and Shariah contract:

The Group  
At 31 December 2022

	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al- Bai #	Mudharabah	Qard	Ujrah	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost</b>											
Cash line^	-	165	659	-	1,364,944	-	-	-	12,917	-	1,378,685
Term financing											
- House financing	-	4,043,521	-	-	34,524,609	1,072,578	-	-	-	-	39,640,708
- Syndicated financing	-	-	-	-	2,241,328	-	-	423	-	-	2,241,751
- Hire purchase receivables	-	-	-	-	-	-	15,267,838	-	-	-	15,267,838
- Other term financing	84,358	882,650	1,342,309	-	41,220,216	36,010	-	-	-	-	43,565,543
Bills receivable	771,892	-	-	362,735	-	-	-	-	-	-	1,134,627
Islamic trust receipts	21,616	-	-	-	-	-	-	-	-	-	21,616
Claims on customers under acceptance credits	855,198	-	-	142,288	-	-	-	-	-	-	997,486
Staff financing	-	-	-	-	268,330	-	-	-	-	-	268,330
Revolving credits	-	-	-	-	7,107,893	-	-	-	-	-	7,107,893
Credit card receivables	-	-	-	-	-	-	-	-	-	190,087	190,087
<b>Gross financing, advances and other financing/loans, at amortised cost</b>	<b>1,733,064</b>	<b>4,926,336</b>	<b>1,342,968</b>	<b>505,023</b>	<b>86,727,320</b>	<b>1,108,588</b>	<b>15,267,838</b>	<b>423</b>	<b>12,917</b>	<b>190,087</b>	<b>111,814,564</b>
Fair value changes arising from fair value hedge											(1,832)
											111,812,732
Less: Expected credit losses											(1,502,533)
<b>Net financing, advances and other financing/loans, at amortised cost</b>											<b>110,310,199</b>
<b>At Fair value through Profit or loss</b>											
Term financing											
- Syndicated financing	-	-	-	-	-	-	-	-	-	-	-
<b>Net financing, advances and other financing/loans, at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net financing, advances and other financing/loans</b>											<b>110,310,199</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)**The Group  
At 31 December 2021

At amortised cost	Bai' Bithaman		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah Muntahiah Bi al-Tamlik * RM'000	Al-Ijarah Thumma al- Bai # RM'000	Mudharabah RM'000	Qard RM'000	Ujrah RM'000	Total RM'000
	Murabahah RM'000	Ajil RM'000									
Cash line <sup>^</sup>	-	295	866	-	1,119,109	-	-	-	8,118	-	1,128,388
Term financing											
- House financing	-	4,498,841	-	-	27,289,680	1,150,034	-	-	-	-	32,938,555
- Syndicated financing	-	-	20,275	-	1,694,829	-	-	478	-	-	1,715,582
- Hire purchase receivables	-	-	-	-	-	-	12,935,554	-	-	-	12,935,554
- Other term financing	531,120	1,030,219	1,654,204	-	35,453,047	39,728	-	-	-	-	38,708,318
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	-	-	-	-	-	-	759,656
Staff financing	-	-	-	-	225,183	-	-	-	-	-	225,183
Revolving credits	-	-	-	-	4,705,217	-	-	-	-	-	4,705,217
Credit card receivables	-	-	-	-	-	-	-	-	-	145,587	145,587
Gross financing, advances and other financing/loans	1,895,645	5,529,355	1,675,345	568,168	70,487,065	1,189,762	12,935,554	478	8,576	145,587	94,435,535
Fair value changes arising from fair value hedge											1,565
											94,437,100
Less: Expected credit losses											(1,225,777)
Net financing, advances and other financing/loans, at amortised cost											93,211,323
<b>At Fair value through Profit or loss</b>											
Term financing											
- Syndicated financing	-	-	-	-	-	-	-	-	-	-	-
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-
<b>Net financing, advances and other financing/loans</b>											<b>93,211,323</b>

<sup>^</sup> Includes current account in excess

\* CIMB Islamic is the beneficial owner of the asset. 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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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)****The Bank**

At 31 December 2022

	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
<b>At amortised cost</b>					
Cash line <sup>^</sup>	-	-	160	-	160
Term financing					
- Syndicated financing	-	-	-	423	423
- Other term financing	84,358	-	1,773,070	-	1,857,428
Bills receivable	-	346,390	-	-	346,390
Islamic trust receipts	2,251	-	-	-	2,251
Revolving credits	-	-	525,675	-	525,675
Gross financing, advances and other financing/loans, at amortised cost	86,609	346,390	2,298,905	423	2,732,327
Fair value changes arising from fair value hedge					-
					2,732,327
Less: Expected credit losses					(14,879)
<b>Net financing, advances and other financing/loans</b>					<b>2,717,448</b>

At 31 December 2021

	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
<b>At amortised cost</b>					
Cash line <sup>^</sup>	-	-	61	-	61
Term financing					
- Syndicated financing	-	-	126,314	478	126,792
- Other term financing	531,120	-	1,170,878	-	1,701,998
Bills receivable	-	479,180	-	-	479,180
Islamic trust receipts	2,488	-	-	-	2,488
Revolving credits	-	-	309,970	-	309,970
Gross financing, advances and other financing/loans	533,608	479,180	1,607,223	478	2,620,489
Fair value changes arising from fair value hedge					-
					2,620,489
Less: Expected credit losses					(18,581)
<b>Net financing, advances and other financing/loans</b>					<b>2,601,908</b>

<sup>^</sup> Includes current account in excess

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	111,814,564	94,435,535	2,732,327	2,620,489
- At Fair value through Profit or loss	-	-	-	-
	<u>111,814,564</u>	<u>94,435,535</u>	<u>2,732,327</u>	<u>2,620,489</u>

**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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **57 The operations of Islamic Banking (Continued)**

#### **(g) Financing, advances and other financing/loans (Continued)**

##### **(i) By type and Shariah contract: (Continued)**

###### **- 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.

###### **Loan contracts**

###### **- 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

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **57 The operations of Islamic Banking (Continued)**

#### **(g) Financing, advances and other financing/loans (Continued)**

(i) By type and Shariah contract: (Continued)

- 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 of the Group are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(i) By type and Shariah contract: (Continued)

c) Movement in Qard financing:

	The Group	
	2022	2021
	RM'000	RM'000
As at 1 January	8,576	8,907
New disbursement	7,219	7,102
Repayment	(2,878)	(7,433)
As at 31 December	<u>12,917</u>	<u>8,576</u>
Sources of Qard fund:		
Depositors' fund	12,037	8,028
Shareholders' fund	880	548
	<u>12,917</u>	<u>8,576</u>
Uses of Qard fund:		
Personal use	748	620
Business purpose	12,169	7,956
	<u>12,917</u>	<u>8,576</u>

(ii) By type of customer:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	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	11,161,024	8,569,605	2,251	2,548
Government and statutory bodies	1,795,874	1,406,573	-	-
Individuals	75,541,666	65,806,801	355,725	196,248
Other domestic entities	1,172,340	211,648	269	-
Foreign entities	2,817,379	2,921,397	2,374,082	2,421,693
	<u>111,814,564</u>	<u>94,435,535</u>	<u>2,732,327</u>	<u>2,620,489</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(iii) By profit rate sensitivity:**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- House financing	452,190	205,339	-	-
- Hire-purchase receivables	13,200,162	11,966,416	-	-
- other financing/loans	5,444,440	4,404,985	989,446	618,291
Variable rate				
- House financing	39,188,518	32,733,217	-	-
- Others	53,529,254	45,125,578	1,742,881	2,002,198
	<b>111,814,564</b>	<b>94,435,535</b>	<b>2,732,327</b>	<b>2,620,489</b>

**(iv) By economic purposes:**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Personal use	2,378,231	2,274,286	354,064	196,276
Credit card	190,087	145,587	-	-
Purchase of consumer durables	8,677	10,686	-	-
Residential property	40,617,089	34,234,159	-	451,620
Non residential property	11,424,553	8,720,457	498,321	99,320
Purchase of fixed assets other than land and building	673,611	361,100	-	-
Construction	1,493,267	1,588,035	-	-
Purchase of securities	15,156,435	14,911,564	-	-
Purchase of transport vehicles	15,726,909	13,225,609	423	478
Working capital	21,171,249	15,494,666	1,382,602	1,271,769
Merger and acquisition	322,629	350,779	-	-
Other purpose	2,651,827	3,118,607	496,917	601,026
	<b>111,814,564</b>	<b>94,435,535</b>	<b>2,732,327</b>	<b>2,620,489</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(v) By economic sector:**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	4,217,279	2,964,442	187,014	139,011
Mining and quarrying	565,006	812,844	2,251	175,799
Manufacturing	4,098,754	3,436,420	111,902	80,327
Electricity, gas and water supply	541,337	366,745	-	-
Construction	2,677,345	1,791,416	153,609	99,894
Transport, storage and communications	4,229,502	2,092,003	26,261	26,302
Education, health and others	2,692,984	2,239,110	-	-
Wholesale and retail trade, and restaurants and hotels	5,947,159	4,332,533	511,167	445,741
Finance, insurance/takaful, real estate and business activities	10,788,701	10,099,394	1,258,242	1,401,815
Household	75,910,981	66,181,273	355,024	196,277
Others	145,516	119,355	126,857	55,323
	<b>111,814,564</b>	<b>94,435,535</b>	<b>2,732,327</b>	<b>2,620,489</b>

**(vi) By geographical distribution:**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	109,084,773	91,821,667	2,536	6,621
Indonesia	1,469	2,380	1,469	2,380
Singapore	2,297,658	1,599,770	2,297,658	1,599,770
Other countries	430,664	1,011,718	430,664	1,011,718
	<b>111,814,564</b>	<b>94,435,535</b>	<b>2,732,327</b>	<b>2,620,489</b>

**(vii) By residual contractual maturity:**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Within one year	11,149,910	8,703,972	879,253	1,251,606
One year to less than three years	1,852,406	1,583,700	564,706	342,687
Three years to less than five years	6,715,782	5,588,560	557,098	693,724
Five years and more	92,096,466	78,559,303	731,270	332,472
	<b>111,814,564</b>	<b>94,435,535</b>	<b>2,732,327</b>	<b>2,620,489</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(viii) Credit impaired financing, advances and other financing/loans by economic purposes:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Personal uses	41,444	16,211	8,262	2,982
Credit card	2,858	1,820	-	-
Purchase of consumer durables	264	-	-	-
Construction	367	672	-	-
Residential property	837,609	240,304	-	-
Non residential property	165,763	105,668	4,223	-
Purchased of fixed assets other than land & building	2,118	-	-	-
Purchase of securities	9,149	5,509	-	-
Purchase of transport vehicles	158,676	133,839	-	-
Working capital	129,089	125,282	6,759	17,548
Other	81,244	30,723	-	-
	<u>1,428,581</u>	<u>660,028</u>	<u>19,244</u>	<u>20,530</u>

(ix) Credit impaired financing, advances and other financing/loans by economic sector:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	16,917	20,844	-	-
Mining and quarrying	2,251	4,868	2,251	4,868
Manufacturing	13,313	28,131	1,390	-
Construction	29,701	20,267	4,223	-
Transport, storage and communications	5,935	5,876	-	3,998
Education, health and others	62,074	6,268	-	-
Wholesale, retail trade, restaurants and hotels	132,695	90,773	356	7,422
Finance, insurance/takaful, real estate and business activities	58,651	52,420	2,761	1,260
Household	1,107,043	430,580	8,263	2,982
Others	1	1	-	-
	<u>1,428,581</u>	<u>660,028</u>	<u>19,244</u>	<u>20,530</u>

(x) Credit impaired financing, advances and other financing/loans by geographical distribution:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,411,589	645,986	2,252	6,488
Indonesia	-	2,380	-	2,380
Singapore	16,992	11,662	16,992	11,662
	<u>1,428,581</u>	<u>660,028</u>	<u>19,244</u>	<u>20,530</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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:

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2) - Credit impaired (Stage 3)	Lifetime expected credit losses	Total
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	<b>251,884</b>	<b>727,804</b>	<b>246,088</b>	<b>1,225,776</b>
Changes in expected credit losses due to transferred within stages:	<b>169,903</b>	<b>(238,023)</b>	<b>68,120</b>	<b>-</b>
Transferred to Stage 1	<b>267,346</b>	<b>(245,393)</b>	<b>(21,953)</b>	<b>-</b>
Transferred to Stage 2	<b>(96,019)</b>	<b>258,525</b>	<b>(162,506)</b>	<b>-</b>
Transferred to Stage 3	<b>(1,424)</b>	<b>(251,155)</b>	<b>252,579</b>	<b>-</b>
<b>Total charge to Statement of Income:</b>	<b>(254,033)</b>	<b>403,849</b>	<b>287,665</b>	<b>437,481</b>
New financial assets originated	<b>89,424</b>	<b>706</b>	<b>17,424</b>	<b>107,554</b>
Financial assets that have been derecognised	<b>(36,923)</b>	<b>(33,263)</b>	<b>-</b>	<b>(70,186)</b>
Writeback in respect of full recoveries	<b>-</b>	<b>-</b>	<b>(38,017)</b>	<b>(38,017)</b>
Change in credit risk	<b>(306,534)</b>	<b>436,406</b>	<b>308,258</b>	<b>438,130</b>
Write-offs	<b>-</b>	<b>(1)</b>	<b>(182,565)</b>	<b>(182,566)</b>
Exchange fluctuation	<b>219</b>	<b>97</b>	<b>329</b>	<b>645</b>
Transfer from (to) related companies	<b>(1,043)</b>	<b>(140)</b>	<b>(2,860)</b>	<b>(4,043)</b>
Other movements	<b>15</b>	<b>(226)</b>	<b>25,451</b>	<b>25,240</b>
<b>At 31 December 2022</b>	<b>166,945</b>	<b>893,360</b>	<b>442,228</b>	<b>1,502,533</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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: (Continued)

The Group	Lifetime expected credit 12-month expected losses - not credit impaired		Lifetime expected credit losses	Total
	credit losses (Stage 1) RM'000	(Stage 2) - RM'000	- Credit impaired (Stage 3) RM'000	
<b>At 1 January 2021</b>	299,267	381,996	363,415	1,044,678
Changes in expected credit losses due to transferred within stages:	364,539	(186,388)	(178,151)	-
Transferred to Stage 1	561,551	(528,988)	(32,563)	-
Transferred to Stage 2	(196,770)	504,511	(307,741)	-
Transferred to Stage 3	(242)	(161,911)	162,153	-
<b>Total charge to Statement of Income:</b>	<b>(413,045)</b>	<b>531,883</b>	<b>193,382</b>	<b>312,220</b>
New financial assets originated	71,955	1,772	44,235	117,962
Financial assets that have been derecognised	(38,129)	(27,304)	-	(65,433)
Writeback in respect of full recoveries	-	-	(70,138)	(70,138)
Change in credit risk	(446,871)	557,415	219,285	329,829
Write-offs	-	(4)	(160,014)	(160,018)
Exchange fluctuation	185	117	639	941
Transfer from related companies	984	132	2,698	3,814
Other movements	(46)	70	24,118	24,142
At 31 December 2021	251,884	727,806	246,087	1,225,777

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 57 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: (Continued)

The Bank	Lifetime expected credit losses - not credit impaired		Lifetime expected credit losses	Total
	12-month expected credit losses (Stage 1)	(Stage 2) - Credit impaired	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	3,185	405	14,991	18,581
Total charge to Statement of Income:	1,348	266	4,925	6,539
Financial assets that have been derecognised	(193)	-	-	(193)
Change in credit risk	1,541	266	4,925	6,732
Write-offs	-	-	(7,206)	(7,206)
Exchange fluctuation	208	31	329	568
Transfer to related companies	(1,043)	(140)	(2,860)	(4,043)
Other movements	-	-	440	440
At 31 December 2022	3,698	562	10,619	14,879

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 57 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: (Continued)

The Bank	12-month expected	Lifetime expected credit	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired (Stage 2) - Credit impaired	losses (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	9,723	151	24,257	34,131
<b>Total charge to Statement of Income:</b>	(7,690)	120	(12,605)	(20,175)
Change in credit risk	(7,690)	120	(12,605)	(20,175)
Exchange fluctuation	168	2	641	811
Transfer from related companies	984	132	2,698	3,814
At 31 December 2021	3,185	405	14,991	18,581

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(xii) Gross carrying amount movement of financing, advances and other financing/loans at amortised cost classified as credit impaired:

<b>The Group</b>	<b>Lifetime expected credit losses</b>	
	<b>- Credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2022</b>	<b>660,028</b>	<b>660,028</b>
Transfer within stages	1,083,460	1,083,460
New financial assets originated	21,691	21,691
Write-offs	(182,565)	(182,565)
Amount fully recovered	(147,826)	(147,826)
Other changes in financing, advances and other financing/loans	(7,423)	(7,423)
Exchange fluctuation	1,216	1,216
<b>At 31 December 2022</b>	<b>1,428,581</b>	<b>1,428,581</b>

<b>The Group</b>	<b>Lifetime expected credit losses</b>	
	<b>- Credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2021</b>	<b>1,521,426</b>	<b>1,521,426</b>
Transfer within stages	(536,467)	(536,467)
New financial assets originated	180,792	180,792
Write-offs	(160,014)	(160,014)
Amount fully recovered	(327,413)	(327,413)
Other changes in financing, advances and other financing/loans	(18,701)	(18,701)
Exchange fluctuation	405	405
<b>At 31 December 2021</b>	<b>660,028</b>	<b>660,028</b>

	<b>The Group</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<b>1.28%</b>	<b>0.70%</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(xii) Gross carrying amount movement of financing, advances and other financing/loans at amortised cost classified as credit impaired: (Continued)

The Bank	Lifetime expected credit losses	
	- Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2022	20,530	20,530
Transfer within stages	13,832	13,832
Write-offs	(7,206)	(7,206)
Amount recovered	(8,760)	(8,760)
Other changes in financing, advances and other financing/loans	(368)	(368)
Exchange fluctuation	1,216	1,216
At 31 December 2022	<u>19,244</u>	<u>19,244</u>

The Bank	Lifetime expected credit losses	
	- Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2021	24,185	24,185
Transfer within stages	8,581	8,581
Amount recovered	(5,203)	(5,203)
Other changes in financing, advances and other financing/loans	(7,438)	(7,438)
Exchange fluctuation	405	405
At 31 December 2021	<u>20,530</u>	<u>20,530</u>

	The Bank	
	31 December 2022	31 December 2021
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<u>0.70%</u>	<u>0.78%</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(h) Other assets**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits and prepayments	10,840	-	-	-
Sundry debtors net of expected credit losses*	764,173	993,912	437,247	759,310
Treasury related receivables	97,987	29,645	-	-
Collateral pledged for derivative transactions	33,183	49,640	-	-
Clearing accounts	20,126	9,454	-	-
	<b>926,309</b>	<b>1,082,651</b>	<b>437,247</b>	<b>759,310</b>

\* 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**

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

**(ii) Under general approach**

The Group	12-month expected credit losses	Lifetime expected credit losses - credit impaired	Total
	(Stage 1) RM'000	(Stage 3) RM'000	RM'000
<b>At 1 January 2022</b>	-	-	-
<b>Total charge to Income Statement:</b>	<b>14,083</b>	<b>1,727</b>	<b>15,810</b>
Change in credit risk	14,083	1,727	15,810
<b>At 31 December 2022</b>	<b>14,083</b>	<b>1,727</b>	<b>15,810</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(h) Other assets (Continued)**

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

	<b>The Group</b>	
	<b>Lifetime expected credit losses</b>	
	<b>- credit impaired (Stage 3)</b>	
	<b>Total</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2022</b>	-	-
Other changes	1,727	1,727
<b>At 31 December 2022</b>	<b>1,727</b>	<b>1,727</b>

**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.

**(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 are offset and shown in the statements of financial position, after offsetting:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December</b>	31 December	<b>31 December</b>	31 December
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deferred tax assets	<b>188,883</b>	173,233	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(i) Deferred taxation (Continued)**

Further breakdown are as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax assets</b>				
Property, plant and equipment	27	14	-	-
Provision for expenses	15,031	11,201	-	-
Expected credit losses	126,075	133,659	-	-
Debt instruments at fair value through other comprehensive income	47,810	28,496	-	-
Lease liabilities	288	427	-	-
Other temporary differences	6	191	-	-
	<b>189,237</b>	<b>173,988</b>	<b>-</b>	<b>-</b>
Offsetting	(354)	(755)	-	-
	<b>188,883</b>	<b>173,233</b>	<b>-</b>	<b>-</b>

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax liabilities</b>				
Rights of use assets	(240)	(386)	-	-
Intangible assets	(114)	(369)	-	-
	<b>(354)</b>	<b>(755)</b>	<b>-</b>	<b>-</b>
Offsetting	354	755	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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:

The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Intangible assets RM'000	Lease Liabilities RM'000	Provision for expenses RM'000	Total RM'000
<b>Deferred tax assets/(liabilities)</b>										
At 1 January 2022		133,659	14	28,496	(386)	191	(369)	427	11,201	173,233
(Charged)/credited to statement of income	(ak)	(7,584)	-	-	146	(185)	253	(139)	3,856	(3,653)
Over/(under) provision in prior years		-	13	-	-	-	2	-	(26)	(11)
Transferred to equity		-	-	19,314	-	-	-	-	-	19,314
At 31 December 2022		126,075	27	47,810	(240)	6	(114)	288	15,031	188,883

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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: (Continued)

<b>The Group</b>	<b>Note</b>	<b>Expected credit losses</b>	<b>Accelerated tax depreciation</b>	<b>Debt instruments at fair value through other comprehensive income</b>	<b>Right-of-use assets</b>	<b>Other temporary differences</b>	<b>Intangible assets</b>	<b>Lease Liabilities</b>	<b>Provision for expenses</b>	<b>Total</b>
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax assets/(liabilities)</b>										
At 1 January 2021		95,440	299	(9,285)	(532)	294	(691)	568	9,211	95,304
Credited/(charged) to statement of income	(ak)	37,997	1	-	146	(103)	39	(141)	1,993	39,932
Over/(under) provision in prior years		222	(286)	-	-	-	283	-	(3)	216
Transferred to equity		-	-	37,781	-	-	-	-	-	37,781
At 31 December 2021		<u>133,659</u>	<u>14</u>	<u>28,496</u>	<u>(386)</u>	<u>191</u>	<u>(369)</u>	<u>427</u>	<u>11,201</u>	<u>173,233</u>

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 57 The operations of Islamic Banking (Continued)

#### (j) Goodwill

	The Group	
	2022	2021
	RM'000	RM'000
<b>Cost</b>		
At 1 January/31 December	<b>136,000</b>	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.

#### 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 - 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.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **57 The operations of Islamic Banking (Continued)**

#### **(j) Goodwill (Continued)**

##### **Impairment charge**

There was no impairment charge for the financial year ended 31 December 2022 and 31 December 2021.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(k) Intangible assets**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Computer software</b>				
<b>Cost</b>				
At 1 January	139,754	138,965	1,134	1,120
Additions	1,955	808	-	-
Disposal/Written-off	-	(33)	-	-
Reclassified from property, plant and equipment (Note 1)	82	-	82	-
Exchange fluctuation	68	14	68	14
At 31 December	<u>141,859</u>	<u>139,754</u>	<u>1,284</u>	<u>1,134</u>
<b>Amortisation</b>				
At 1 January	119,986	82,254	839	522
Charge for the financial year	20,263	37,759	334	311
Disposal/Written-off	-	(33)	-	-
Exchange fluctuation	59	6	59	6
At 31 December	<u>140,308</u>	<u>119,986</u>	<u>1,232</u>	<u>839</u>
<b>Net book value at 31 December</b>	<u>1,551</u>	<u>19,768</u>	<u>52</u>	<u>295</u>

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 previous 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. 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(l) Property, plant and equipment**

<b>The Group 2022</b>	<b>Renovations, work-in- progress, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January	3,827	19,816	387	24,030
Additions	-	191	-	191
Written-off	(50)	(45)	-	(95)
Reclassified to intangible assets (Note k)	-	(82)	-	(82)
Exchange fluctuation	2	7	-	9
At 31 December	<u>3,779</u>	<u>19,887</u>	<u>387</u>	<u>24,053</u>
<b>Accumulated depreciation</b>				
At 1 January	2,924	19,657	356	22,937
Charge for the financial year	255	107	32	394
Written-off	(48)	(44)	-	(92)
Exchange fluctuation	5	(3)	-	2
At 31 December	<u>3,136</u>	<u>19,717</u>	<u>388</u>	<u>23,241</u>
<b>Net book value at 31 December</b>	<u>643</u>	<u>170</u>	<u>(1)</u>	<u>812</u>

<b>The Group 2021</b>	<b>Renovations, work-in-progress, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January	3,806	19,684	387	23,877
Additions	21	146	-	167
Written-off	-	(15)	-	(15)
Exchange fluctuation	-	1	-	1
At 31 December	<u>3,827</u>	<u>19,816</u>	<u>387</u>	<u>24,030</u>
<b>Accumulated depreciation</b>				
At 1 January	2,704	19,543	278	22,525
Charge for the financial year	221	123	78	422
Written-off	-	(15)	-	(15)
Exchange fluctuation	(1)	6	-	5
At 31 December	<u>2,924</u>	<u>19,657</u>	<u>356</u>	<u>22,937</u>
<b>Net book value at 31 December</b>	<u>903</u>	<u>159</u>	<u>31</u>	<u>1,093</u>



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(l) Property, plant and equipment (Continued)**

<b>The Bank</b>	<b>Renovations, work-in- progress, office and plant equipment, furniture and fittings</b>	<b>Computer equipments</b>	<b>Total</b>
<b>2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 January	49	123	172
Additions	-	39	39
Written-off	(50)	(23)	(73)
Reclassified to intangible assets (Note k)	-	(82)	(82)
Exchange fluctuation	2	7	9
At 31 December	<u>1</u>	<u>64</u>	<u>65</u>
<b>Accumulated depreciation</b>			
At 1 January	44	46	90
Charge for the financial year	-	9	9
Written-off	(48)	(22)	(70)
Exchange fluctuation	5	(3)	2
At 31 December	<u>1</u>	<u>30</u>	<u>31</u>
<b>Net book value at 31 December</b>	<u>-</u>	<u>34</u>	<u>34</u>
<b>The Bank</b>	<b>Renovations, work-in-progress, office and plant equipment, furniture and fittings</b>	<b>Computer equipments</b>	<b>Total</b>
<b>2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 January	49	36	85
Additions	-	86	86
Exchange fluctuation	-	1	1
At 31 December	<u>49</u>	<u>123</u>	<u>172</u>
<b>Accumulated depreciation</b>			
At 1 January	45	36	81
Charge for the financial year	-	4	4
Exchange fluctuation	(1)	6	5
At 31 December	<u>44</u>	<u>46</u>	<u>90</u>
<b>Net book value at 31 December</b>	<u>5</u>	<u>77</u>	<u>82</u>

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

## CIMB Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 57 The operations of Islamic Banking (Continued)

##### (m) Right-of-use assets

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

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Buildings	<b>1,261</b>	1,613	<b>256</b>	-

Additions to the right-of-use assets during the financial year of the Group and the Bank are RM75,000 and RM345,000 (2021: RM73,000 and RMNil) respectively. Depreciation charge during the financial year for right-of-use assets of the Group and the Bank are RM578,000 and RM89,000 respectively (2021: RM612,000 and RM66,000).

At 31 December 2022, the short-term leases expense and low-value leases expense that are not included in lease liabilities are RM154,000 (2021: RM384,000) and RMNil (2021: RM174) respectively.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(n) Deposits from customers****(i) By type of deposits**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Savings deposits				
Commodity Murabahah (via Tawarruq arrangement)*	<b>7,802,926</b>	7,612,717	<b>615,266</b>	740,524
Demand deposits				
Wadiah	<b>284,956</b>	121,279	<b>284,956</b>	121,279
Qard	<b>15,020,156</b>	14,512,297	<b>21,959</b>	20,541
Commodity Murabahah (via Tawarruq arrangement)*	<b>4,644,456</b>	5,262,989	<b>2,589,163</b>	2,971,350
Term deposits				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	<b>47,017,544</b>	45,604,331	<b>363,135</b>	280,675
Fixed Return Income Account-i (via Tawarruq arrangement)*	<b>31,309,442</b>	26,576,472	<b>174,026</b>	145,831
Negotiable Islamic Debt Certificate (NIDC) Hybrid (Bai' Bithamin Ajil (BBA) and Bai' al-Dayn)	<b>595,374</b>	448,287	-	-
Fixed Deposit-i				
Wadiah	<b>148</b>	123	<b>149</b>	123
Specific investment account				
Mudharabah	<b>100,638</b>	99,600	-	-
Others				
Qard	<b>98,990</b>	43,964	-	-
	<b>106,874,630</b>	100,282,059	<b>4,048,654</b>	4,280,323

\*Included Qard contract of the Group and of the Bank of RM5,066,445,000 and RM3,234,780,000 respectively (2021: RM4,314,834,000 and RM3,711,418,000).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(n) Deposits from customers (Continued)**

(ii) By maturity structures of term deposits and investment account are as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Due within six months	68,733,276	62,777,876	374,952	325,907
Six months to less than one year	9,035,511	9,777,709	162,325	100,322
One year to less than three years	376,588	144,096	33	400
Three years to less than five years	852,999	5,473	-	-
Five years and more	24,772	23,659	-	-
	<b>79,023,146</b>	<b>72,728,813</b>	<b>537,310</b>	<b>426,629</b>

(iii) By type of customer

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	7,050,474	4,880,194	193	166
Business enterprises	38,298,518	36,151,777	3,004,870	2,803,909
Individuals	33,872,082	30,170,957	879,660	956,224
Others	27,653,556	29,079,131	163,931	520,024
	<b>106,874,630</b>	<b>100,282,059</b>	<b>4,048,654</b>	<b>4,280,323</b>

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **57 The operations of Islamic Banking (Continued)**

#### **(n) Deposits from customers (Continued)**

##### **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 name as Tawarruq because the buyer purchased the asset on credit with no intention of benefitting 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 categorized into two types:

- a) Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.
- b) Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised on accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **57 The operations of Islamic Banking (Continued)**

#### **(n) Deposits from customers (Continued)**

##### **Bai' Bithaman Ajil**

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Profit expense from deposits shall be recognised on accrual basis by maturity date.

##### **Bai' al-Dayn**

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Profit expense from deposits shall be recognised on accrual basis by maturity date.

##### **Qard**

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

##### **Tawarruq vis-à-vis Commodity Murabahah**

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(o) Investment accounts of customers**

	Note	The Group	
		2022	2021
		RM'000	RM'000
<u>Mudharabah</u>			
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
	23	<u>13,684,632</u>	<u>10,427,167</u>

**(i) Movement in the investment accounts**

	Mudharabah		Wakalah	Total
	Unrestricted Investment Account	Restricted Investment Account	Unrestricted Investment Account	
The Group	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2022</b>	9,915,992	462,331	48,844	10,427,167
<i>Funding inflows/outflows</i>				
New placement during the financial year	17,539,488	-	22,151	17,561,639
Redemption during the financial year	(14,558,336)	-	(43,467)	(14,601,803)
Income from investment	419,927	40,271	800	460,998
<i>CIMB Islamic Bank's share of profit</i>				
Profit distributed to mudarib	(161,653)	(328)	(780)	(162,761)
Incentive fee	-	(608)	-	(608)
<b>As at 31 December 2022</b>	<u>13,155,418</u>	<u>501,666</u>	<u>27,548</u>	<u>13,684,632</u>
<i>Investment asset:</i>				
House financing	2,952,815	-	-	2,952,815
Hire purchase receivables	8,871,451	-	-	8,871,451
Other term financing	1,331,152	-	27,548	1,358,700
Marketable securities	-	500,197	-	500,197
Miscellaneous Other Assets	-	1,469	-	1,469
<b>Total investment</b>	<u>13,155,418</u>	<u>501,666</u>	<u>27,548</u>	<u>13,684,632</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(o) Investment accounts of customers (Continued)****(i) Movement in the investment accounts (Continued)**

	Mudharabah		Wakalah	Total
	Unrestricted Investment Account	Restricted Investment Account	Unrestricted Investment Account	
<b>The Group</b>	RM'000	RM'000	RM'000	RM'000
<b>As At 1 January 2021</b>	2,678,870	-	-	2,678,870
<b>Funding inflows/outflows</b>				
New placement during the financial year	9,951,656	448,997	49,368	10,450,021
Redemption during the financial year	(2,817,129)	-	(525)	(2,817,654)
Income from investment	225,371	13,971	26	239,368
<b>CIMB Islamic Bank's share of profit</b>				
Profit distributed to mudarib	(122,776)	(140)	(25)	(122,941)
Incentive fee	-	(497)	-	(497)
<b>As at 31 December 2021</b>	<b>9,915,992</b>	<b>462,331</b>	<b>48,844</b>	<b>10,427,167</b>
<b>Investment asset:</b>				
House financing	2,179,136	-	-	2,179,136
Hire purchase receivables	6,829,206	-	-	6,829,206
Other term financing	907,650	-	48,844	956,494
Marketable securities	-	461,761	-	461,761
Miscellaneous Other Assets	-	570	-	570
<b>Total investment</b>	<b>9,915,992</b>	<b>462,331</b>	<b>48,844</b>	<b>10,427,167</b>

**(ii) Profit Sharing Ratio and Rate of Return**

	2022		2021	
	Investment account holder Average profit sharing ratio (%)	Investment account holder Average rate of return (%)	Investment account holder Average profit sharing ratio (%)	Investment account holder 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			2021		
	Investment account holder Average profit sharing ratio (%)	Investment account holder Average rate of return (%)	Investment account holder Performance incentive fee (%)	Investment account holder Average profit sharing ratio (%)	Investment account holder Average rate of return (%)	Investment account holder Performance incentive fee (%)
Restricted investment accounts:						
- more than 5 years	99.00	2.75	1.08	99.00	2.10	1.28



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(o) Investment accounts of customers (Continued)**

## (iii) By type of customers

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

**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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(p) Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Licensed banks	4,591,227	800,004	582,754	326,659
Licensed investment banks	572,975	387,882	-	-
Bank Negara Malaysia	5,000	5,000	-	-
Other financial institutions	455,850	456,530	2,322	176,553
	<b>5,625,052</b>	<b>1,649,416</b>	<b>585,076</b>	<b>503,212</b>

**(q) Investment accounts due to designated financial institutions**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	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**

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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(q) Investment accounts due to designated financial institutions (Continued)****(ii) Profit Sharing Ratio, Rate of Return and Performance Incentive Fee**

	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	<b>99.00</b>	<b>2.75</b>	<b>1.08</b>	99.00	2.11	1.32

Included in the investment accounts due to designated financial institutions is the Restricted Profit Sharing Investment Account (“RPSIA”) placed by CIMB Bank 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(r) Financial liabilities designated at fair value through profit or loss**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	<b>2,857,004</b>	799,686	-	-

The Group has issued structured investments, and has 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 Group as at 31 December 2022 of financial liabilities designated at fair value 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.

**(s) Other liabilities**

	Note	The Group		The Bank	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Clearing accounts		<b>6,644,980</b>	3,764,772	<b>6,407,726</b>	3,727,316
Accruals and other payables		<b>86,735</b>	58,847	<b>4,494</b>	956
Structured deposits		<b>21,100</b>	28,833	-	-
Expected credit losses for loan commitments and financial guarantee contracts	(i)	<b>45,527</b>	105,663	<b>380</b>	406
Others		<b>7,544,722</b>	4,230,147	<b>7,481,296</b>	4,060,151
		<b>14,343,064</b>	8,188,262	<b>13,893,896</b>	7,788,829

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(s) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

<b>The Group</b>	<b>12-month expected credit losses (Stage 1)</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2)</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2022</b>	<b>62,677</b>	<b>39,178</b>	<b>3,808</b>	<b>105,663</b>
Changes in expected credit losses due to transferred within stages:	<b>14,716</b>	<b>(19,817)</b>	<b>5,101</b>	<b>-</b>
Transferred to Stage 1	<b>17,522</b>	<b>(16,991)</b>	<b>(531)</b>	<b>-</b>
Transferred to Stage 2	<b>(2,761)</b>	<b>4,602</b>	<b>(1,841)</b>	<b>-</b>
Transferred to Stage 3	<b>(45)</b>	<b>(7,428)</b>	<b>7,473</b>	<b>-</b>
<b>Total charge to Statement of Income:</b>	<b>(51,944)</b>	<b>(7,610)</b>	<b>(878)</b>	<b>(60,432)</b>
New exposures	<b>79,789</b>	<b>129</b>	<b>2,075</b>	<b>81,993</b>
Exposures derecognised or matured	<b>(35,269)</b>	<b>(11,504)</b>	<b>(3,347)</b>	<b>(50,120)</b>
Change in credit risk	<b>(96,464)</b>	<b>3,765</b>	<b>394</b>	<b>(92,305)</b>
Exchange fluctuation	<b>63</b>	<b>142</b>	<b>-</b>	<b>205</b>
Other movements	<b>(37)</b>	<b>122</b>	<b>6</b>	<b>91</b>
<b>At 31 December 2022</b>	<b>25,475</b>	<b>12,015</b>	<b>8,037</b>	<b>45,527</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(s) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows: (Continued)

The Group	12-month expected credit	Lifetime expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	losses	
	RM'000	RM'000	- Credit impaired (Stage 3) RM'000	RM'000
<b>At 1 January 2021</b>	51,783	23,064	6,533	81,380
Changes in expected credit losses due to transferred 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	-
<b>Total charge to Statement of Income:</b>	(20,228)	43,175	1,306	24,253
New exposures	69,269	69	-	69,338
Exposures derecognised or matured	(37,382)	(8,263)	(4,216)	(49,861)
Change in credit risk	(52,115)	51,369	5,522	4,776
Exchange fluctuation	9	20	-	29
Other movements	(39)	28	12	1
<b>At 31 December 2021</b>	<b>62,677</b>	<b>39,178</b>	<b>3,808</b>	<b>105,663</b>

## CIMB Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 57 The operations of Islamic Banking (Continued)

##### (s) Other liabilities (Continued)

##### (i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows: (Continued)

The Bank	12-month expected credit	Lifetime expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	losses	
	(Stage 2) - Credit impaired (Stage 3)			
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	406	-	-	406
Total charge to Statement of Income:	(47)	-	-	(47)
Change in credit risk	(47)	-	-	(47)
Exchange fluctuation	21	-	-	21
At 31 December 2022	380	-	-	380

## CIMB Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 57 The operations of Islamic Banking (Continued)

##### (s) Other liabilities (Continued)

##### (i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows: (Continued)

The Bank	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 2021	378	-	-	378
Total charge to Statement of Income:	22	-	-	22
Change in credit risk	22	-	-	22
Exchange fluctuation	6	-	-	6
At 31 December 2021	406	-	-	406

As at 31 December 2022, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM46,290,000 (2021: RM15,517,000).



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(t) Lease liabilities**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Buildings	<b>1,615</b>	1,866	<b>417</b>	91

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

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Taxation	-	51,387	-	-

**(v) Subordinated Sukuk**

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

- (a) On 28 December 2017, CIMB Islamic had issued RM300 million Tier 2 Junior Sukuk (“the 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, the Bank redeemed its existing RM300 million Tier 2 Junior Sukuk issued from the RM5 billion Tier 2 Junior Sukuk Programme on the first call date.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **57 The operations of Islamic Banking (Continued)**

#### **(v) Subordinated Sukuk (Continued)**

- (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, CIMB Islamic 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, 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.

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 57 The operations of Islamic Banking (Continued)

#### (w) Ordinary share capital

	The Group	
	2022	2021
	RM'000	RM'000
<b>Issued and fully paid</b>		
At 1 January/31 December	<u>1,000,000</u>	<u>1,000,000</u>

#### (x) Perpetual preference shares

	The Group	
	2022	2021
	RM'000	RM'000
<b>Issued and fully paid</b>		
<b>Perpetual preference shares:</b>		
At 1 January	420,000	420,000
Redemption of shares	(70,000)	-
At 31 December	<u>350,000</u>	<u>420,000</u>

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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **57 The operations of Islamic Banking (Continued)**

#### **(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, 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 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(z) Restricted Agency Investment Account**

- (i) The details of the Restricted Agency Investment (“RAIA”) financing is as below. The exposures and corresponding risk weighted amount are reported in investors’ financial statements.

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financing and advances	11,280,429	10,248,755	-	-
Commitments and contingencies	3,000,000	2,500,000	-	-
	<u>14,280,429</u>	<u>12,748,755</u>	<u>-</u>	<u>-</u>

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Total RWA for Credit Risk	857,557	1,227,746	-	-
	<u>857,557</u>	<u>1,227,746</u>	<u>-</u>	<u>-</u>

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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(z) Restricted Agency Investment Account (Continued)****(ii) Movement in the Investment Account**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Wakalah</b>				
<b>Restricted Agency Investment Account - RAIA</b>				
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	-	-
31 December	<u>11,280,429</u>	<u>10,248,755</u>	<u>-</u>	<u>-</u>
<u>Investment asset:</u>				
Trade financing	1,532,275	-	-	-
Revolving credit	701,354	1,201,933	-	-
Other term financing	9,046,800	9,046,822	-	-
Total investment	<u>11,280,429</u>	<u>10,248,755</u>	<u>-</u>	<u>-</u>

**(iii) Rate of Return**

	2022	2021
	Investment account holder	
	Average rate of return	
	(%)	(%)
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

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 57 The operations of Islamic Banking (Continued)

#### (aa) Income derived from investment of depositors' funds and others

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income derived from investment of:				
(i) General investment deposits	2,982,875	2,709,662	82,886	67,734
(ii) Specific investment deposits	2,377	1,924	-	-
(iii) Other deposits	1,185,354	970,754	78	28
	<u>4,170,606</u>	<u>3,682,340</u>	<u>82,964</u>	<u>67,762</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(aa) Income derived from investment of depositors' funds and others (Continued)****(i) Income derived from investment of general investment deposits**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financing, advances and other financing/loans				
- profit income	2,303,745	2,109,044	66,086	61,671
- unwinding income <sup>^</sup>	18,422	23,118	-	-
Money at call and deposits with financial institutions	259,673	157,320	28,712	1,152
Debt instruments at fair value through other comprehensive income	139,034	115,781	9,799	7,269
Debt instrument at amortised cost	225,247	244,569	1,705	494
Reverse Collateralised Commodity Murabahah	2,930	7	228	-
	<b>2,949,051</b>	<b>2,649,839</b>	<b>106,530</b>	<b>70,586</b>
Accretion of discount less amortisation of premium	(25,499)	(26,798)	(2,222)	(2,244)
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	-	36
- Financing, advances and other financing/loans 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	<b>3,007,884</b>	<b>2,727,787</b>	<b>104,308</b>	<b>68,378</b>
Other operating income				
- Foreign exchange loss	(39,833)	(68,309)	(31,705)	(10,517)
- Net (loss)/gain from sale of investment in debt instruments at fair value through other comprehensive income	(9,966)	32,066	-	-
- Net gain arising from financing, advances and other financings at fair value through profit or loss				
-unrealised	-	3,603	-	-
- Net gain/(loss) arising from sale of financial investments at fair value through profit or loss				
-realised	2,798	4,075	891	376
-unrealised	(827)	(6,123)	(1,462)	674
	<b>(47,828)</b>	<b>(34,688)</b>	<b>(32,276)</b>	<b>(9,467)</b>
Fee and commission income	22,830	16,429	10,865	8,689
Fee and commission expense	(11)	134	(11)	134
	<b>2,982,875</b>	<b>2,709,662</b>	<b>82,886</b>	<b>67,734</b>

<sup>^</sup> Unwinding income is income earned on credit impaired financial assets



# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 57 The operations of Islamic Banking (Continued)

#### (aa) Income derived from investment of depositors' funds and others (Continued)

##### (ii) Income derived from specific investment deposits

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Money at call and deposit with financial institutions	2,377	1,924	-	-
	<u>2,377</u>	<u>1,924</u>	<u>-</u>	<u>-</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 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**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financing, advances and other financing/loans				
- profit income	<b>918,802</b>	752,001	-	-
- unwinding income <sup>^</sup>	<b>7,450</b>	8,397	-	-
Money at call and deposits with financial institutions	<b>93,790</b>	57,337	-	-
Securities purchased under resale agreement	<b>1,067</b>	3	-	-
Debt instruments at fair value through other comprehensive income	<b>53,387</b>	40,164	-	-
Debt instrument at amortised cost	<b>92,163</b>	89,682	-	-
Others	-	310	-	-
	<b>1,166,659</b>	947,894	-	-
Accretion of discount less amortisation of premium	<b>(9,655)</b>	(9,065)	-	-
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	<b>19,768</b>	15,290	-	-
- Net accretion of discount less amortisation of premium	<b>15,109</b>	22,705	-	-
Total finance income and hibah	<b>1,191,881</b>	976,824	-	-
Other operating income				
- Foreign exchange (loss)/gain	<b>(7,634)</b>	(20,391)	<b>89</b>	13
- Net (loss)/gain from sale of investment in debt instruments at fair value through other comprehensive income	<b>(4,401)</b>	11,281	-	-
- Net gain arising from financing, advances and other financings at fair value through profit or loss				
-unrealised	-	1,228	-	-
- Net gain/(loss) arising from financial investments at fair value through profit or loss:				
-realised	<b>574</b>	1,273	-	-
-unrealised	<b>86</b>	(2,303)	-	-
	<b>(11,375)</b>	(8,912)	<b>89</b>	13
Fee and commission income	<b>4,912</b>	2,877	<b>53</b>	50
Other income	<b>(64)</b>	(35)	<b>(64)</b>	(35)
	<b>1,185,354</b>	970,754	<b>78</b>	28

<sup>^</sup> Unwinding income is income earned on credit impaired financial assets

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(ab) Income derived from investment of investment account**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financing, advances and other financing/loans				
- Profit income	<b>704,899</b>	383,615	-	-
- Unwinding income <sup>^</sup>	<b>61</b>	3	-	-
Debt instrument at amortised cost	<b>25,989</b>	8,372	-	-
Money at call and deposit with financial institutions	<b>137</b>	3,548	-	-
	<b>731,086</b>	395,538	-	-
Accretion of discount less amortisation of premium	<b>6,845</b>	5,598	-	-
	<b>737,931</b>	401,136	-	-
Other operating income				
- Foreign exchange gain	<b>1</b>	1	-	-
	<b>737,932</b>	401,137	-	-
Fees and commission income				
- Service charges and fees	<b>987</b>	247	-	-
Other income	<b>1</b>	-	-	-
	<b>738,920</b>	401,384	-	-

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(ac) Net income derived from investment of shareholders' funds**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financing, advances and other financing/loans				
- profit income	234,238	194,294	6,643	4,463
- unwinding income <sup>^</sup>	1,825	2,136	-	-
Money at call and deposits with financial institutions	25,740	14,576	2,636	104
Debt instruments at fair value through other comprehensive income	13,940	10,637	663	538
Debt instrument at amortised cost	22,952	22,688	63	47
Reverse Collateralised Commodity Murabahah	255	1	-	-
	<b>298,950</b>	<b>244,332</b>	<b>10,005</b>	<b>5,152</b>
Accretion of discount less amortisation of premium	(2,601)	(2,481)	(196)	(199)
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	<b>305,036</b>	<b>251,545</b>	<b>9,809</b>	<b>4,953</b>
Other operating income				
- Net gain from hedging activities	699	460	145	133
- Foreign exchange loss	(5,683)	(6,299)	(2,356)	(1,010)
- Net (loss)/gain from sale of investment in debt instruments at fair value through other comprehensive income	(1,116)	2,922	-	-
- Net gain arising from financing, advances and other financings at fair value through profit or loss				
- Unrealised	-	323	-	-
- Net gain/(loss) arising from financial investments at fair value through profit or loss:				
- Realised	1,490	1,333	1,383	996
- Unrealised	2	(641)	-	(27)
- Net (loss)/gain arising from financial liabilities designated at fair value				
- Realised	(9,878)	(4,218)	-	-
- Unrealised	182,574	39,343	-	-
- Net gain/(loss) from derivative financial instruments				
- Realised	213,689	133,292	9,034	26,007
- Unrealised	(285,527)	(10,189)	2,616	1,784
	<b>96,250</b>	<b>156,326</b>	<b>10,822</b>	<b>27,883</b>
Fee and commission income	270,794	224,321	1,194	776
Fee and commission expense	(19,206)	(26,310)	-	-
Net fee and commission income	251,588	198,011	1,194	776
Other income	1,625	1,100	-	13
	<b>654,499</b>	<b>606,982</b>	<b>21,825</b>	<b>33,625</b>

<sup>^</sup> Unwinding income is income earned on credit impaired financial assets

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 57 The operations of Islamic Banking (Continued)

#### (ad) Modification loss

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss on modification of cash flows	<b>2,845</b>	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.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(ae) Expected credit losses for impairment losses on financing, advances and other financing/loans**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	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	437,481	312,220	6,539	(20,175)
Credit impaired financing, advances and other financing/loans:				
- recovered	(78,318)	(85,697)	(6,379)	(28,391)
- written off	2,103	1,590	-	-
	<b>361,266</b>	<b>228,113</b>	<b>160</b>	<b>(48,566)</b>

**(af) Other expected credit losses and impairment allowances**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Expected credit losses (written back)/made on:				
- Debt instrument at fair value through other comprehensive income	(2,090)	1,232	51	6
- Debt instrument at amortised cost	(253)	504	9	8
- Money at call and deposits and placements with banks and other financial institutions	269	-	268	-
- Other receivables	16,112	-	-	-
	<b>14,038</b>	<b>1,736</b>	<b>328</b>	<b>14</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(ag) Income attributable to depositors**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	2,377	1,924	-	-
- Non-Mudharabah	1,874,685	1,575,186	13,607	6,249
- Other	309	68	309	68
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	100,906	22,146	5,204	197
- Other	1,993	215	1,993	215
Financial liabilities designated at fair value	49,464	8,293	-	-
Subordinated Sukuk	45,315	44,428	-	-
Sukuk	-	2,678	-	-
Structured deposits	183	189	-	-
Lease liabilities	230	377	158	312
Collateralised Commodity Murabahah	25,538	6,574	-	-
	<b>2,101,000</b>	<b>1,662,078</b>	<b>21,271</b>	<b>7,041</b>

**(ah) Profit distributed to investment account holder**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
- Restricted	121,256	105,895	-	-
- Unrestricted	258,300	102,594	-	-
	<b>379,556</b>	<b>208,489</b>	<b>-</b>	<b>-</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(ai) Personnel expenses**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Salaries, allowances and bonuses <sup>2</sup>	<b>29,489</b>	20,654	<b>3,324</b>	3,126
Pension costs (defined contribution plan)	<b>2,722</b>	2,188	<b>313</b>	-
Staff incentives and other staff payments	<b>1,896</b>	2,167	<b>888</b>	1,288
Medical expenses	<b>290</b>	233	<b>12</b>	18
Share-based expense <sup>1</sup>	<b>1,570</b>	944	<b>-</b>	-
Others	<b>1,027</b>	642	<b>166</b>	24
	<b>36,994</b>	26,828	<b>4,703</b>	4,456

<sup>1</sup> The long term incentive plan ("LTIP") was implemented by CIMB Group Holdings in June 2022. The LTIP awards ordinary shares and share options of CIMB Group to eligible employees of the Group and the Bank. 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 44(g).

<sup>2</sup> Included in salaries, allowances and bonuses is shared-based payment expense (EOP) of RM199,410 (2021: RM692,658) for the group. Refer note 44(f).

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



**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(aj) Other overheads and expenditures**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Establishment costs</b>				
Rental	<b>466</b>	397	<b>1</b>	-
Depreciation of property, plant and equipment	<b>394</b>	422	<b>9</b>	4
Repairs and maintenance	<b>(495)</b>	1,131	<b>25</b>	1
Depreciation of Right-of-use assets	<b>667</b>	612	<b>89</b>	66
Amortisation of intangible assets	<b>20,263</b>	37,759	<b>334</b>	311
Security expenses	-	-	-	-
Utility expenses	<b>29</b>	17	<b>5</b>	1
Others	<b>3,160</b>	2,057	-	1
<b>Marketing expenses</b>				
Advertisement and publicity	<b>7,951</b>	4,174	<b>1,009</b>	394
Others	<b>200</b>	84	<b>4</b>	-
<b>Administration and general expenses</b>				
Consultancy and professional fees	<b>2,123</b>	2,013	<b>494</b>	352
Legal expenses	<b>548</b>	986	<b>227</b>	45
Stationery	<b>229</b>	369	-	-
Incidental expenses on banking operations	<b>4,060</b>	3,848	-	-
Postage	<b>276</b>	330	-	-
Service expense #	<b>1,096,594</b>	1,009,650	-	-
Others	<b>14,664</b>	25,791	<b>183</b>	68
	<b>1,151,129</b>	1,089,640	<b>2,380</b>	1,243

# CIMB Islamic has changed its shared operating model from cost sharing arrangement to service agreement arrangement.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****57 The operations of Islamic Banking (Continued)****(ak) Taxation and zakat****(i) Tax expense for the financial year**

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	495,119	356,162	-	-
Deferred taxation (Note i)	3,653	(49,459)	-	-
Over provision in prior financial year	(8,529)	(1,007)	-	-
	<b>490,243</b>	<b>305,696</b>	<b>-</b>	<b>-</b>
Zakat	9,360	5,060	-	-
	<b>499,603</b>	<b>310,756</b>	<b>-</b>	<b>-</b>

**(ii) Numerical reconciliation of income tax expense**

The explanation on the relationship between tax expense and profit before taxation and zakat is as follows:

	The Group		The Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	<b>1,577,629</b>	1,353,820	<b>75,994</b>	137,177
Tax calculated at a tax rate of: (2021: 24%)	<b>504,779</b>	324,917	<b>18,239</b>	32,922
Cukai Makmur (Prosperity Tax) <sup>#</sup>				
The first RM100 million @ 24%				
In excess of RM100 million @ 33%				
- effect of different tax rates in other countries	(1,352)	(8,284)	(1,352)	18,948
- income not subject to tax	(17,009)	(25,805)	(16,887)	(5,256)
- expenses not deductible for tax purposes	11,456	17,467	-	-
- difference due to Cukai Makmur	898	(1,592)	-	-
Over provision in prior financial year	(8,529)	(1,007)	-	-
	<b>490,243</b>	<b>305,696</b>	<b>-</b>	<b>-</b>

<sup>#</sup> The Prosperity Tax is a one-off tax measure introduced by the federal government in Budget 2022, whereby chargeable income above RM100 million will be taxed at a rate of 33%, instead of the blanket 24% rate previously.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **58 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.