

**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD**  
**196001000082 (3755-M)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2022**

**Malaysian Industrial Development Finance Berhad  
(Incorporated in Malaysia)**

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**Malaysian Industrial Development Finance Berhad  
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**Directors' report**

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

**Principal activities**

The Company is principally engaged in investment holding, providing finance, leasing and industrial hire-purchase services to industries and businesses in Malaysia.

Other information relating to the subsidiaries are disclosed in Note 13 to the financial statements.

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit/(loss) for the financial year	<u>76,390</u>	<u>(13,256)</u>
Profit attributable to:		
Shareholders of the Company	76,395	(13,256)
Non-controlling interests	<u>(5)</u>	<u>-</u>
	<u>76,390</u>	<u>(13,256)</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2022 were not substantially affected by any item, transaction or event of a material and unusual nature.

**Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

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**Dividends**

The amounts of dividends paid by the Company since 31 December 2021 were as follows:

**RM'000**

In respect of the financial year ended 31 December 2021:

Single tier final dividend of 20.8 sen per share on 480,355,627 ordinary shares, paid on 6 July 2022.	<u>100,000</u>
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In respect of the financial year ended 31 December 2020:

Single tier interim dividend of 20.8 sen per share on 480,355,627 ordinary shares, paid on 13 July 2021.	<u>100,000</u>
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A single tier interim dividend in respect of the current financial year ended 31 December 2022 of 93.7 sen per share on 480,355,627 ordinary shares, amounting to dividends of RM450.0 million have been approved by the Board of Directors on 31 October 2022. On 14 February 2023, Bank Negara Malaysia ("BNM") approved this dividend.

The financial statements for the current financial year ended 31 December 2022 do not reflect this interim dividend. Such dividend, will be accounted for in the financial statements as an appropriation of the retained profits in the next financial year ending 31 December 2023.

**Directors**

The Directors who served in office since the beginning of the financial year to the date of this report are:

Tan Sri Abdul Rahman Bin Mamat  
Datuk Azizan Bin Hj. Abd Rahman (Resigned on 1 April 2022)  
Cik Hasnah Binti Omar  
Dato' Kaziah Binti Abd Kadir  
Encik Ahmad Lutfi Bin Abdull Mutalip @ Talib  
Datuk Yasmin Binti Mahmood  
Datuk Mohd Nasir Bin Ali (Appointed on 17 August 2022)  
Dato' Charon Wardini Bin Mokhzani

The list of directors of the Company's subsidiaries are disclosed in the Appendix to the financial statements.

**Malaysian Industrial Development Finance Berhad  
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**Directors' interests**

None of the Directors in office as at 31 December 2022 had any interest in the ordinary shares or debentures of the Company or its related companies during the financial year.

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company or any other body corporate were a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full time employee of the Company as shown in Notes 31, 32 and 33 to the financial statements or of related companies) by reason of a contract made by the Company or a related company with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

**Indemnification of Directors and Officers**

The Company has maintained on a group basis, a Directors' and Officers' Liability Insurance up to an aggregate limit of RM40.0 million (2021: RM40.0 million) against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Group and Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

During the financial year, the Group had made payments amounting to RM82,410 (2021: RM65,110) on insurance premium for indemnity for its Directors and Officers. Such payments are recognised as an expense in profit or loss as incurred.

**Issue of shares and debentures**

There were no shares and debentures issued during the financial year.

**Malaysian Industrial Development Finance Berhad  
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**Other statutory information**

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report
  - (i) there are no charges on the assets of the Group or of the Company which have arisen since the end of the financial year and which secures the liabilities of any other person; and
  - (ii) there are no contingent liabilities in respect of the Group or of the Company which have arisen since the end of the financial year, other than those arising in the normal course of business.

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**Other statutory information (cont'd.)**

- (d) No contingent or other liability of the Group and of the Company have 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 affect the ability of the Group and of the Company to meet their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
  - (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) 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 and of the Company for the financial year in which this report is made.

**Immediate holding and ultimate holding companies**

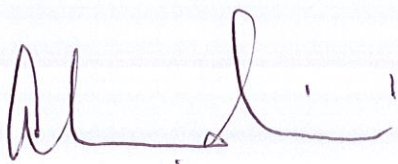
The immediate and ultimate holding companies are Permodalan Nasional Berhad ("PNB") and Yayasan Pelaburan Bumiputra ("YPB") respectively. Both companies are incorporated in Malaysia.

**Auditors and auditors' remuneration**

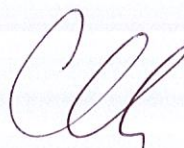
The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 32 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 April 2023.



Tan Sri Abdul Rahman Bin Mamat



Dato' Charon Wardini Bin Mokhzani

Kuala Lumpur, Malaysia



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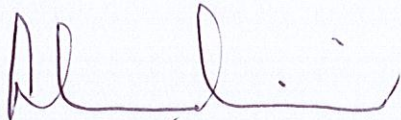
**Malaysian Industrial Development Finance Berhad  
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**Statement by Directors**

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

We, Tan Sri Abdul Rahman Bin Mamat and Dato' Charon Wardini Bin Mokhzani, being two of the Directors of Malaysian Industrial Development Finance Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 11 to 212 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 April 2023.



Tan Sri Abdul Rahman Bin Mamat



Dato' Charon Wardini Bin Mokhzani

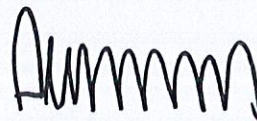
Kuala Lumpur, Malaysia

**Statutory declaration**

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

I, Ahmad Farouk Bin Mohamed, being the officer primarily responsible for the financial management of Malaysian Industrial Development Finance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 212 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
the abovenamed Ahmad Farouk Bin Mohamed  
at Kuala Lumpur in the Federal  
Territory on 3 April 2023



Ahmad Farouk Bin Mohamed

Before me,





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**Independent auditors' report to the members of  
Malaysian Industrial Development Finance Berhad  
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**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Malaysian Industrial Development Finance Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 212.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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.

*Information other than the financial statements and auditors' report thereon*

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

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

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**Independent auditors' report to the members of  
Malaysian Industrial Development Finance Berhad (cont'd.)  
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*Information other than the financial statements and auditors' report thereon (cont'd.)*

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

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

*Responsibilities of the Directors for the financial statements*

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

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

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

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



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**Independent auditors' report to the members of  
Malaysian Industrial Development Finance Berhad (cont'd.)  
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*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

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**Independent auditors' report to the members of  
Malaysian Industrial Development Finance Berhad (cont'd.)  
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*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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

**Other matters**

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



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

Kuala Lumpur, Malaysia  
3 April 2023



Ahmad Qadri Bin Jahubar Sathik  
No. 03254/05/2024 J  
Chartered Accountant



**Malaysian Industrial Development Finance Berhad**  
**(Incorporated in Malaysia)**

**Statements of financial position**

**As at 31 December 2022**

		<b>Group</b>		<b>Company</b>	
	<b>Note</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>Assets</b>					
Cash and short-term funds	4	1,047,569	797,040	568,257	381,258
Deposits and placements with licensed banks and other financial institutions	5	44,816	144,249	41,816	138,799
Financial assets at fair value through profit or loss ("FVTPL")	6	102,891	299,932	18,604	248,908
Financial investments at fair value through other comprehensive income ("FVOCI")	7	1,988,303	2,561,829	138,435	137,904
Financial investments at amortised cost	8	2,497,223	2,343,837	-	-
Derivative assets	9	11,778	6,878	-	-
Other assets	10	153,731	143,746	39,040	34,244
Loans, advances and financing	11	1,822,801	1,576,982	71,823	87,645
Statutory deposits with Bank Negara Malaysia	12	113,363	107,127	-	-
Investment in subsidiaries	13	-	-	594,057	598,194
Investment properties	14	2,361	2,442	-	-
Property, plant and equipment	15	2,511	2,799	2,256	2,568
Intangible assets	16	14,841	12,405	9,182	8,875
Deferred tax assets	17	23,296	20,598	7,195	6,591
Right-of-use assets and lease receivables	18(a)	7,712	13,328	7,530	13,141
		<u>7,833,196</u>	<u>8,033,192</u>	<u>1,498,195</u>	<u>1,658,127</u>
Goodwill	19	86,713	86,713	-	-
<b>Total assets</b>		<u>7,919,909</u>	<u>8,119,905</u>	<u>1,498,195</u>	<u>1,658,127</u>
<b>Liabilities</b>					
Deposits from customers	20	4,393,911	4,907,846	-	-
Deposits and placements of banks and other financial institutions	21	1,458,966	1,063,034	-	-
Other liabilities	22	160,597	160,893	68,353	69,675
Borrowings and government grant	23	231,244	270,229	231,244	270,229
Provision for taxation and zakat		1,910	1,167	652	431
Employee benefits	24	12,687	11,590	9,566	8,649
Lease liability	18(b)	7,694	13,328	7,694	13,328
<b>Total liabilities</b>		<u>6,267,009</u>	<u>6,428,087</u>	<u>317,509</u>	<u>362,312</u>

**Malaysian Industrial Development Finance Berhad**  
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**Statements of financial position**

**As at 31 December 2022 (cont'd.)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</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>Equity</b>					
Capital and reserves attributable to shareholders of the Company:					
Share capital	25	879,931	879,931	879,931	879,931
Reserves	26	772,729	811,642	300,755	415,884
		<u>1,652,660</u>	<u>1,691,573</u>	<u>1,180,686</u>	<u>1,295,815</u>
Non-controlling interests		240	245	-	-
<b>Total equity</b>		<u>1,652,900</u>	<u>1,691,818</u>	<u>1,180,686</u>	<u>1,295,815</u>
<b>Total liabilities and equity</b>		<u>7,919,909</u>	<u>8,119,905</u>	<u>1,498,195</u>	<u>1,658,127</u>
<b>Commitments and contingencies</b>					
	27	<u>829,457</u>	<u>999,276</u>	<u>8,838</u>	<u>12,565</u>

The accompanying notes are an integral part of these financial statements.

**Malaysian Industrial Development Finance Berhad**  
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**Statements of profit or loss**

**For the financial year ended 31 December 2022**

		<b>Group</b>		<b>Company</b>	
	<b>Note</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>
Operating revenue	2(x)	422,141	372,731	106,987	102,638
Interest income	28	110,199	86,257	14,076	16,834
Interest expense	29	(43,694)	(32,099)	(3,681)	(4,184)
Net interest income		66,505	54,158	10,395	12,650
Net income from Islamic banking operations	50(u)	152,890	167,885	64,574	52,486
Non-interest income	30	50,859	35,632	29,729	34,929
		270,254	257,675	104,698	100,065
Staff costs	31	(126,728)	(102,476)	(68,337)	(54,356)
Depreciation and amortisation		(13,809)	(11,761)	(9,784)	(8,029)
Other operating expenses	32	(34,625)	(38,299)	(28,494)	(29,324)
Operating profit before allowances		95,092	105,139	(1,917)	8,356
Impairment loss (made)/written back on:					
- Loans, advances and financing	34	(618)	(55,420)	(6,678)	463
- Financial investments	35	6,937	5,630	-	88
- Other assets	36	403	(1,719)	(4,134)	48
Profit/(loss) before taxation and zakat		101,814	53,630	(12,729)	8,955
Taxation	37	(23,522)	(19,008)	125	(2,474)
Zakat		(1,902)	(1,167)	(652)	(431)
Profit/(loss) for the financial year		76,390	33,455	(13,256)	6,050
Attributable to:					
Shareholders of the Company		76,395	33,460	(13,256)	6,050
Non-controlling interests	13(b)	(5)	(5)	-	-
Profit/(loss) for the financial year		76,390	33,455	(13,256)	6,050
Earnings per ordinary share attributable to shareholders of the Company (sen):					
Basic and diluted	38	15.9	7.0		
Dividends per ordinary share (sen)	39	20.8	20.8	20.8	20.8

**Malaysian Industrial Development Finance Berhad**  
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**Statements of comprehensive income**  
**For the financial year ended 31 December 2022**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) for the financial year		76,390	33,455	(13,256)	6,050
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Changes in allowance for expected credit loss ("ECL") on financial investments at FVOCI		(95)	(1,195)	-	(88)
Net (loss)/gain on financial investments at FVOCI					
- Transfer to profit or loss upon disposal		(2,238)	(8,250)	(2,169)	-
- Fair value changes		(17,578)	(29,681)	-	88
		(19,911)	(39,126)	(2,169)	-
Income tax relating to changes in allowance for ECL and net gain on financial investments at FVOCI	17	4,757	9,403	521	-
<b>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>		<b>(15,154)</b>	<b>(29,723)</b>	<b>(1,648)</b>	<b>-</b>
<b>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:</b>					
Net gain on financial investments at FVOCI					
- Fair value changes		-	-	(9)	595
Re-measurement (loss)/gain on defined benefit plans	24	(98)	463	(174)	320
Income tax relating to re-measurement loss on defined benefit plans	17	(56)	(395)	(42)	(358)
<b>Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods</b>		<b>(154)</b>	<b>68</b>	<b>(225)</b>	<b>557</b>



**Malaysian Industrial Development Finance Berhad**  
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**Statements of comprehensive income**

**For the financial year ended 31 December 2022 (cont'd.)**

	<b>Group</b>		<b>Company</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>
Other comprehensive (loss)/income for the financial year, net of tax	(15,308)	(29,655)	(1,873)	557
Total comprehensive income/(loss) for the financial year	61,082	3,800	(15,129)	6,607
<b>Total comprehensive income/(loss) for the financial year attributable to:</b>				
Shareholders of the Company	61,087	3,805	(15,129)	6,607
Non-controlling interests	(5)	(5)	-	-
	61,082	3,800	(15,129)	6,607

The accompanying notes are an integral part of these financial statements.

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**Malaysian Industrial Development Finance Berhad**  
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**Statements of changes in equity**  
**For the financial year ended 31 December 2022**

Group	----- Attributable to shareholders of the Company -----						Total equity RM'000
	Share capital RM'000	Regulatory reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2021	879,931	16,324	16,650	874,863	1,787,768	250	1,788,018
Profit/(loss) for the financial year	-	-	-	33,460	33,460	(5)	33,455
Other comprehensive (loss)/income	-	-	(29,723)	68	(29,655)	-	(29,655)
Total comprehensive (loss)/income for the financial year	-	-	(29,723)	33,528	3,805	(5)	3,800
<b>Transaction with owners</b>							
Dividends (Note 39)	-	-	-	(100,000)	(100,000)	-	(100,000)
Transfer to regulatory reserve	-	2,161	-	(2,161)	-	-	-
At 31 December 2021	879,931	18,485	(13,073)	806,230	1,691,573	245	1,691,818
	Note 26(a)		Note 26(b)				

196001000082 (3755-M)

**Malaysian Industrial Development Finance Berhad**  
(Incorporated in Malaysia)

**Statements of changes in equity**

**For the financial year ended 31 December 2022 (cont'd.)**

	----- Attributable to shareholders of the Company -----						
	----- Non-distributable -----			Distributable			
Group (cont'd.)	Share capital RM'000	Regulatory reserve RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022	879,931	18,485	(13,073)	806,230	1,691,573	245	1,691,818
Profit/(loss) for the financial year	-	-	-	76,395	76,395	(5)	76,390
Other comprehensive loss	-	-	(15,154)	(154)	(15,308)	-	(15,308)
Total comprehensive (loss)/income for the financial year	-	-	(15,154)	76,241	61,087	(5)	61,082
<b>Transaction with owners</b>							
Dividends (Note 39)	-	-	-	(100,000)	(100,000)	-	(100,000)
Transfer to regulatory reserve	-	16,006	-	(16,006)	-	-	-
At 31 December 2022	879,931	34,491	(28,227)	766,465	1,652,660	240	1,652,900
	Note 26(a)		Note 26(b)				

196001000082 (3755-M)

**Malaysian Industrial Development Finance Berhad**  
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**Statements of changes in equity**  
**For the financial year ended 31 December 2022 (cont'd.)**

	----- Attributable to shareholders of the Company -----			
	----- Non-distributable -----		Distributable	
Company	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2021	879,931	(53,514)	562,791	1,389,208
Profit for the financial year	-	-	6,050	6,050
Other comprehensive income/(loss)	-	595	(38)	557
Total comprehensive income for the financial year	-	595	6,012	6,607
<b>Transaction with owners</b>				
Dividends (Note 39)	-	-	(100,000)	(100,000)
At 31 December 2021	879,931	(52,919)	468,803	1,295,815

Note 26(b)



196001000082 (3755-M)

**Malaysian Industrial Development Finance Berhad**  
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**Statements of changes in equity**  
**For the financial year ended 31 December 2022 (cont'd.)**

	----- Attributable to shareholders of the Company -----			
	----- Non-distributable -----		Distributable	
<b>Company (cont'd.)</b>	<b>Share capital RM'000</b>	<b>FVOCI reserve RM'000</b>	<b>Retained profits RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	879,931	(52,919)	468,803	1,295,815
Loss for the financial year	-	-	(13,256)	(13,256)
Other comprehensive (loss)/income	-	(1,648)	(225)	(1,873)
Total comprehensive loss for the financial year	-	(1,648)	(13,481)	(15,129)
<b>Transaction with owners</b>				
Dividends (Note 39)	-	-	(100,000)	(100,000)
At 31 December 2022	879,931	(54,567)	355,322	1,180,686

Note 26(b)

The accompanying notes are an integral part of these financial statements.

**Malaysian Industrial Development Finance Berhad**  
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**Statements of cash flows**  
**For the financial year ended 31 December 2022**

	<b>Group</b>		<b>Company</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>Cash flows from operating activities</b>				
Profit/(loss) before taxation and zakat	101,814	53,630	(12,729)	8,955
Adjustments for:				
Depreciation and amortisation	13,809	11,761	9,784	8,029
Finance cost on lease liabilities	422	733	422	733
Finance lease income	-	-	(138)	(239)
Impairment loss made on loans, advances and financing	2,358	56,057	7,138	153
Impairment loss written back on financial investments	(6,917)	(1,423)	-	(88)
Impairment loss (written back)/made on other assets	(403)	1,736	4,134	(48)
Accretion of discounts less amortisation of premiums	(1,035)	12,080	(2,839)	(3,158)
Net unrealised (gain)/loss on revaluation of financial assets at FVTPL	(24,647)	9,215	(3,264)	9,365
Net unrealised gain on revaluation of derivatives	(4,900)	(6,964)	-	-
Net loss/(gain) on sale of financial assets/investments:				
- FVTPL	7,346	(913)	7,709	258
- FVOCI	(3,004)	(8,250)	(2,935)	-
Dividend income	(98)	(642)	(4,550)	(20,300)
Loss/(gain) on disposal of:				
- Property, plant and equipment	30	(62)	30	(62)
Employee benefits	999	967	743	699
Modifications loss	-	585	-	585
Write off on intangible assets	-	776	-	21
Write off on property, plant and equipment	38	50	3	2
Operating cash flows before working capital changes carried forward	85,812	129,336	3,508	4,905

**Malaysian Industrial Development Finance Berhad**  
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**Statements of cash flows**

**For the financial year ended 31 December 2022 (cont'd.)**

	<b>Group</b>		<b>Company</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>Cash flows from operating activities</b> <b>(cont'd.)</b>				
Operating cash flows before working capital changes brought forward	85,812	129,336	3,508	4,905
Changes in working capital:				
Deposits and placements with licensed banks and other financial institutions with original maturity of more than 3 months	102,929	25,942	111,529	16,842
Loans, advances and financing	(246,645)	(47,763)	8,645	2,252
Financial assets at FVTPL	217,182	15,156	228,698	70,089
Financial investments at FVOCI	550,076	(255,650)	226	(627)
Financial investments at amortised cost	(141,730)	(44,161)	-	-
Other assets	72	(30,387)	1,005	(13,094)
Statutory deposits with Bank Negara Malaysia	(6,236)	(2,632)	-	-
Deposits from customers and deposits and placements of banks and other financial institutions	(118,003)	431,744	-	-
Other liabilities	32	(1,252)	577	1,145
Cash generated from operations	443,489	220,333	354,188	81,512
Tax paid	(33,044)	(38,615)	(5,072)	(7,857)
Tax refunded	18	-	-	-
Zakat paid	(1,167)	(2,070)	(431)	(420)
Retirement benefits paid	-	(1,308)	-	(783)
Net cash generated from operating activities	409,296	178,340	348,685	72,452

**Malaysian Industrial Development Finance Berhad**  
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**Statements of cash flows**

**For the financial year ended 31 December 2022 (cont'd.)**

	<b>Group</b>		<b>Company</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>Cash flows from investing activities</b>				
Dividends received	98	642	4,550	20,300
Purchase of property, plant and equipment	(845)	(758)	(634)	(626)
Proceeds from disposal of property, plant and equipment	(30)	62	(30)	62
Purchase of intangible assets	(7,593)	(9,787)	(3,015)	(6,571)
Net cash (used in)/generated from investing activities	(8,370)	(9,841)	871	13,165
<b>Cash flows from financing activities</b>				
Repayment on borrowings	(38,985)	(18,984)	(38,985)	(18,984)
Dividend paid	(100,000)	(100,000)	(100,000)	(100,000)
Lease paid	(7,916)	(7,916)	(7,916)	(7,916)
Net cash used in financing activities	(146,901)	(126,900)	(146,901)	(126,900)
<b>Net increase/(decrease) in cash and cash equivalents</b>	254,025	41,599	202,655	(41,283)
<b>Cash and cash equivalents at 1 January</b>	793,544	751,945	366,712	407,995
<b>Cash and cash equivalents at 31 December</b>	1,047,569	793,544	569,367	366,712
<b>Cash and cash equivalents comprise:</b>				
Cash and short-term funds (Note 4)	1,047,569	797,040	568,257	381,258
Deposits and placements with licensed banks and other financial institutions (Note 5)	44,816	144,249	41,816	138,799
	1,092,385	941,289	610,073	520,057
Less: Deposits with original maturity of more than 3 months	(44,816)	(147,745)	(41,816)	(153,345)
	1,047,569	793,544	568,257	366,712

The accompanying notes are an integral part of these financial statements.



**Malaysian Industrial Development Finance Berhad  
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**Notes to the financial statements - 31 December 2022**

**1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 21, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business is located at Level 19, 20 and 21, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Company is principally engaged in investment holding, providing finance, leasing and industrial hire-purchase services to industries and businesses in Malaysia, whilst the principal activities of the subsidiaries are as stated in Note 13. There have been no significant changes in the nature of these activities during the financial year.

The immediate and ultimate holding companies are Permodalan Nasional Berhad ("PNB") and Yayasan Pelaburan Bumiputra ("YPB") respectively. Both companies are incorporated in Malaysia.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 April 2023.

**2. Summary of significant accounting policies**

**(a) Basis of preparation**

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

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

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which is Ringgit Malaysia ("RM"). The consolidated financial statements are presented in RM, which is also the Company's functional and presentation currency. All values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**(a) Basis of preparation (cont'd.)**

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are retranslated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions. Foreign exchange differences arising on retranslation and settlement of monetary items are recognised in profit or loss.

**(i) Adoption of Amendments and Annual Improvements to Standards**

The Group and the Company have adopted the following new pronouncements, with a date of initial application of 1 January 2022.

- Amendments to MFRS 116: *Proceeds before Intended Use*
- Amendments to MFRS 3: *Reference to the Conceptual Framework*
- Annual improvements to MFRS Standards 2018 - 2020 Cycle
- Amendments to MFRS 137: *Onerous Contracts - Cost of Fulfilling a Contract*

The adoption of the above pronouncements did not have material financial impact to the financial statements of the Group and the Company.

**Malaysian Industrial Development Finance Berhad**  
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**2. Summary of significant accounting policies (cont'd.)**

**(a) Basis of preparation (cont'd.)**

**(ii) Standards issued but not yet effective**

At the date of authorisation of the financial statements, the following pronouncements were issued but not yet effective and have not been adopted by the Group and the Company.

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of accounting estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 17: <i>Initial application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.</i>	Deferred

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial years. These standards and interpretation are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**(b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed off during the financial year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained profits as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**(c) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 13 *Fair Value Measurement* ("MFRS 13"), is measured at fair value with the changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of MFRS 13, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**(d) Investment in subsidiaries**

A subsidiary is an entity over which the Group has control as described in Note 2(b).

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(h). On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

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

**(e) Financial assets and liabilities**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company have become a party to the contractual provisions of the instruments.

All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised or derecognised on the Group's and the Company's settlement date.

When financial assets or financial liabilities are recognised initially, they are measured at fair value, plus, in the case of financial assets or financial liabilities not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities, such as fees and commissions. Transaction costs of financial assets or financial liabilities carried at FVTPL are expensed in profit or loss.

Immediately after initial recognition, an ECL is recognised for financial assets measured at amortised cost and financial investments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition (Day 1 profit or loss), the Group and the Company recognise the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

**(i) Classification and subsequent measurement**

**Financial assets**

The Group and the Company determine the classification of their financial assets at initial recognition based on the following measurement categories:

- FVTPL;
- FVOCI; or
- Amortised cost.



**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(i) Classification and subsequent measurement (cont'd.)**

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

To determine their classification and measurement category, the financial assets, except equity instruments and derivatives, are assessed based on combination of the Group's and the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group and the Company determine its business model at the level that best reflects how they manage the groups of financial assets to achieve their business objectives.

(a) Business Model 1 - Hold to Collect (Amortised cost)

- Business objective is to collect contractual cash flows over the life of the financial assets.
- Sales should be insignificant in value or infrequent.

(b) Business Model 2 - Hold to Collect and Sell (FVOCI)

- Business objective is both to collect contractual cash flows and sell financial assets.
- Financial investments under Business Model 2 are mainly those with the objectives to:
  - i) Manage everyday liquidity needs (e.g. frequent sales activity of significant value to demonstrate liquidity or to cover everyday liquidity needs, without the intention of short-term profit taking);
  - ii) Maintain a particular interest yield profile (e.g. active management of the portfolio on an opportunistic basis to increase return by reinvesting in higher yielding financial assets); and
  - iii) Match the duration of the financial assets to the duration of the liabilities that those assets are funding.

(c) Business Model 3 - FVTPL

- Business objective is neither Business Model 1 and Business Model 2.
- Financial investments are mainly held for trading and managed on a fair value basis.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(i) Classification and subsequent measurement (cont'd.)**

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

Solely payments of principal and interest ("SPPI") test

As a second step, SPPI test must be carried out for all financial assets to identify if contractual cash flows are 'solely payment of principal and interest on the principal amount outstanding' which is consistent with a 'basic lending arrangement'.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. To make the SPPI assessment, the Group and the Company apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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

The Group and the Company reclassify financial investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none has occurred during the financial year.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(i) Classification and subsequent measurement (cont'd.)**

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

Financial investments - Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amounts of these assets are adjusted by any ECL allowance recognised and measured. Interest/profit income from these financial assets is measured using the effective interest/profit rate ("EIR") method.

Financial investments - FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest/profit revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or 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". Interest/profit income from these financial assets is measured using the EIR method.

Financial assets - FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in the statements of profit or loss under the caption of "Non-interest income". Interest/profit income from these financial assets is measured using the EIR method.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(i) Classification and subsequent measurement (cont'd.)**

**Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group and the Company assess all equity investments at FVTPL, except where the Group and the Company have elected, at initial recognition, to irrevocably designate an equity investment at FVOCI (with no recycling) provided that it is neither held for trading nor a contingent consideration recognised by acquirer in a business combination.

For equity instruments elected on FVOCI (no recycling), gain or loss on disposal is recognised in equity and dividends are recognised in profit or loss.

**Financial liabilities**

Financial liabilities, other than loan commitments and financial guarantees, are measured either at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied. Gains or losses on financial liabilities designated at FVTPL are recognised partially in OCI (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also recognised in profit or loss.

**(ii) Impairment**

The Group and the Company assess on a forward-looking basis the ECL associated with their financial investments carried at amortised cost and FVOCI and with the exposure arising from loans, advances and financing commitments and financial guarantee contracts. Equity instruments are not subject to impairment assessment.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(ii) Impairment (cont'd.)**

The allowance is based on the ECLs associated with the probability of default in the next 12 months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired ("POCI"), the allowance is based on the change in the ECLs over the life of the asset.

The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases*. The Group and the Company will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

- Stage 1: 12-month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition or where credit risk has improved and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

- Stage 2: Lifetime ECL – non-credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are non-credit impaired, the lifetime ECL will be recognised.

- Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, a lifetime ECL will be recognised.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Both 12 months ECL and lifetime ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(ii) Impairment (cont'd.)**

The calculation of ECLs

The Group and the Company calculate ECLs based on multiple probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group and the Company in accordance with the contract and the cash flows that the Group and the Company expect to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- Probability of Default ("PD")

The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- Exposure at Default ("EAD")

The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- Loss Given Default ("LGD")

The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group and the Company consider three scenarios (a base case, an upside case and a downside case). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financial assets are expected to be recovered, including the probability that the financial assets will cure and the value of collateral or the amount that might be received for selling the asset.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(ii) Impairment (cont'd.)**

The calculation of ECLs (cont'd.)

The mechanics of the ECL method are summarised below:

- Stage 1

The 12 months ECLs is calculated as the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group and the Company calculate the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2

When a financial asset has shown a significant increase in credit risk since origination, the Group and the Company record an allowance for the lifetime ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3

For financial assets considered credit-impaired, the Group and the Company recognise the lifetime ECLs for these instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- POCI

POCI assets are financial assets that are credit impaired on initial recognition. The Group and the Company only recognise the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.



**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(ii) Impairment (cont'd.)**

The calculation of ECLs (cont'd.)

- Loans, advances and financing commitments and letters of credit

When estimating lifetime ECLs for undrawn loans, advances and financing commitments, the Group and the Company estimate the expected portion of the loans, advances and financing commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loans, advances and financing is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the instrument.

- Financial guarantee contracts

The Group's and the Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss, and the ECL provision. For this purpose, the Group and the Company estimate ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest/profit rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

- Other financial assets

The Group and the Company are applying simplified approach to assess the ECL for other financial assets. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance should be measured at initial recognition and throughout the life of the other financial assets at an amount equal to lifetime ECL. The simplified approach adopted for the Group and the Company is based on weighted average of the historical loss experience.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(ii) Impairment (cont'd.)**

Financial investments measured at FVOCI

The ECLs for financial investments measured at FVOCI do not reduce the carrying amounts of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to profit and loss upon derecognition of the assets.

Forward looking information

In their ECL models, the Group and the Company rely on a broad range of forward looking information as economic inputs, such as:

- Gross Domestic Product
- Overnight Policy Rate
- Inflation
- Industrial Production Index
- Export
- Equity Market
- Commodity
- Imports
- Distributive Trade Sales
- Manufacturing Sales
- Producer Price Index: For Local Production
- Short-term Interest/Profit Rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(ii) Impairment (cont'd.)**

Collateral valuation

To mitigate their credit risks on financial assets, the Group and the Company seek to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's and the Company's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collaterals, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group and the Company use active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, independent valuation report or based on housing price indices.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group and the Company have stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are recognised in profit or loss.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(iii) Modification of loans, advances and financing**

The Group and the Company may renegotiate or otherwise modify the contractual cash flows of loans, advances and financing to customers. When this happens, the Group and the Company assess whether or not the new terms are substantially different to the original terms. The Group and the Company 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 loans, advances and financing;
- Significant extension of the loans, advances and financing term when the borrower is not in financial difficulty;
- Significant change in the interest/profit rate;
- Change in the currency the loans, advances and financing is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loans, advances and financing.

If the terms are substantially different, the Group and the Company derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new EIR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purposes of determining whether a significant increase in credit risk has occurred. However, the Group and the Company also assess 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 customer being unable to make the originally agreed payments. Differences in carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, the Group and the Company recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR (or credit-adjusted EIR for POCI financial assets).

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(iv) Derecognition other than modification**

**Financial assets**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- a) the Group and the Company transfer substantially all the risks and rewards of ownership, or
- b) the Group and the Company neither transfer nor retains substantially all the risks and rewards of ownership and the Group and the Company have not retained control.

Pass-through arrangements are transactions whereby the Group and the Company retain the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'). These transactions will result in derecognition if the Group and the Company:

- a) Have no obligation to make payments unless it collects equivalent amounts from the assets;
- b) Are prohibited from selling or pledging the assets; and
- c) Have obligation to remit any cash it collects from the assets without material delay.

The Group and the Company consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(iv) Derecognition other than modification (cont'd.)**

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

Collateral (shares and bonds) furnished by the Group and the Company under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Company retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Company retain a subordinated residual interest.

**Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

**(f) Financial guarantee contracts and loans, advances and financing commitments**

Financial guarantee contracts are contracts that require the issuer 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 financial investment instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Loans, advances and financing commitments provided by the Group and the Company are measured as the amount of the loss allowance. The Group and the Company have not provided any commitment to provide loans, advances and financing at a below-market interest/profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**(f) Financial guarantee contracts and loans, advances and financing commitments (cont'd.)**

For loans, advances and financing commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group and the Company cannot separately identify the ECL on the undrawn commitment component from those on the loans, advances and financing component, the ECLs on the undrawn commitment are recognised together with the loss allowance for the loans, advances and financing. To the extent that the combined ECLs exceed the gross carrying amount of the loans, advances and financing, the ECLs are recognised as a provision.

**(g) Derivatives**

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The derivatives in the Group consists of interest rate swaps and options.

Interest rate swaps relate to contracts taken out by the Group with other counterparties (customers and financial institutions) in which the Group either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

Options purchased by the Group provide it with opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed value either on or before the expiration of the option. The Group is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

**(h) Impairment on non-financial assets**

Other non-financial assets such as property, plant and equipment, intangible assets, right-of-use assets and investments in subsidiaries are reviewed for objective indications of impairment at each reporting date or whenever there is any indication that these assets may be impaired. Where such indications exist, impairment loss is determined as the excess of the asset's carrying amount over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in profit or loss.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**(h) Impairment on non-financial assets (cont'd.)**

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or cash generating unit's ("CGU") recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**(i) Property, plant and equipment**

**(i) Recognition and measurement**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for recognition and measurement of impairment loss is in accordance with Note 2(h). Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use and the costs of dismantling and removing the assets and restoring the site on which the asset is located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "non-interest income" or "other operating expenses" respectively in the statements of profit or loss.

**(ii) Subsequent costs**

Subsequent costs incurred in replacing part of an item of property, plant and equipment are included in the asset's carrying amount or are 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 or to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.



**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**(iii) Depreciation**

Leasehold buildings are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. The straight line method is used to write off the cost of the other assets to their residual value over the term of their estimated useful lives as follows:

Freehold buildings	50 years
Leasehold buildings	20 to 25 years
Renovations	5 years
Furniture, fittings and office equipment	5 years
Computers	3 years
Motor vehicles	5 years

The depreciable amount is determined after deducting the residual value.

Assets in progress are not depreciated as these assets are not available for use.

Depreciation methods, useful lives and residual values of assets are reviewed, and adjusted if appropriate, at the reporting date.

**(j) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

The computer software is amortised on a straight-line basis over its estimated useful life of 3 years. Work-in-progress represents IT system costs, and are not amortised as these assets are not available for use.

**(k) Leases**

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(a) Right-of-use assets**

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2(h).

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

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

**(b) Lease liabilities**

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(c) Short-term leases and leases of low-value assets**

The Group and the Company apply the short-term lease recognition exemption to their short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

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

**As a lessor**

The Group and the Company classify their leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in those leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment in the lease.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

**(l) Investment properties**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary business, use in production or supply of goods or services or for administration purposes.

Investment properties are stated at cost less any accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful life of 50 years for buildings.

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

**(m) Goodwill**

Goodwill that has an indefinite useful life is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. For impairment assessment, goodwill from business combination is allocated to cash-generating units ("CGU") which are expected to benefit from the synergies of the business combination.

The recoverable amount is determined for each CGU based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including attributable goodwill, exceeds the recoverable amount of the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis.

An impairment loss on goodwill is not reversed in subsequent periods.

**(n) Amount recoverable from Danaharta**

Amount recoverable from Danaharta relates to the non-performing loans sold by a former subsidiary to Pengurusan Danaharta Nasional Bhd ("Danaharta") which was then acquired by another subsidiary under the restructuring scheme in 2000/2001. The total consideration receivable from Danaharta is in two portions: upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration). The final consideration amount represents the subsidiary's predetermined share of the surplus over the initial consideration upon recovery of the loans. The difference between the carrying value of the loans and the initial consideration is recognised as 'Amount recoverable from Danaharta'. Allowance against this amount is made in accordance with Note 2(e)(ii).

**(o) Cash and cash equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash on hand, bank balances and deposits and placements with banks and other financial institutions with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

**(p) Fiduciary assets**

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in fiduciary capacity are not recognised as the assets of the Group.

**(q) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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.

**(r) Provisions**

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(s) Share capital**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(t) Fair value measurement**

The Group and the Company measure financial instruments such as FVOCI, FVTPL and derivatives at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and to the Company.

**Malaysian Industrial Development Finance Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**(t) Fair value measurement (cont'd.)**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value hierarchy of financial instruments that are measured at fair value and not measured at fair value, but for which the fair value is disclosed, are presented in Note 48.

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

**(u) Employee benefits**

**(i) Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences.

**(ii) Defined contribution plan**

As required by law, companies in Malaysia make contribution to the Employees' Provident Fund ("EPF") and are recognised as an expense in profit or loss as incurred. Once contributions have been paid, the Group and the Company have no further obligations.

**(iii) Defined benefit plans**

The Group and the Company operate an unfunded, defined Retirement Benefit Scheme ("the Scheme") for their eligible employees. The Group's and the Company's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior financial years is estimated. That benefit is discounted in order to determine its present value. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statements of financial position with a corresponding debit or credit to retained profits through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group and the Company recognise restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group and the Company recognise the following changes in the net defined benefit obligation under "staff costs" in the statements of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.



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

**(v) Income tax**

**(i) Current income tax**

Current income tax for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

**(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax is not recognised if the temporary difference arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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

**(w) Zakat**

This represents business zakat payable by the Group and the Company to comply with the principles of Shariah. Zakat provision is calculated based on the rate of 2.5775% on profit after taxation.

**(x) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. The specific recognition criteria described below must also be met before revenue is recognised.

- (i) Interest/profit income from loans, advances and financing, and financial investments, including amortisation of premium and accretion of discount, is recognised using the EIR method.
- (ii) Income from Government Scheme Funds is in relation to management fees derived from managing and distributing the funds under the respective schemes. The fees are variable consideration. The Company estimates the amount to which it will be entitled, but constrains that amount until it is highly probable that including the estimated fee in the transaction price will not result in a significant revenue reversal.
- (iii) Income from Islamic Banking business is recognised in accordance with Shariah principles.
- (iv) Fee-based activities

The performance obligations, as well as the timing of their satisfaction, are identified and determined, at the inception of the contract. When the Group and the Company provide a service to their customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform.

Services provided where the Group's and the Company's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria.

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

**(x) Revenue recognition (cont'd.)**

**(iv) Fee-based activities (cont'd.)**

The Group and the Company earn variable scheme fund management fees where the method of estimating variable consideration is based on expected collectible amount. Variable consideration is only included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variability is subsequently resolved. The Group and the Company reassess the scheme fund management fees and determine that a portion of the variable performance fees would not be included in the transaction price until it is highly probable that a significant reversal will not occur.

(v) Dividend income is recognised when the right to receive payment is established.

Operating revenue of the Group and the Company comprises all types of revenue from banking, finance, hire purchase and leasing, and asset management.

**(y) Interest expense and financing costs**

Interest expense and attributable profit (on activities relating to Islamic Banking business) on deposits and borrowings of the Group and of the Company are recognised on an effective interest/yield basis.

**(z) Earnings per ordinary share ("EPS")**

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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

**(aa) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(ab) Segment reporting**

For management purposes, the Group is organised into operating segments based on its products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

**(ac) Government grant**

The benefit of a government loan at a below-market rate of interest is treated as a government grant. Government grant is recognised when there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group and the Company have elected to present such grant as a deduction against the related costs.

When the grant relates to an asset, the Group and the Company have elected to present such grant as deferred income, which is recognised in profit or loss as income in equal amounts over the expected useful life of the related asset.

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**3. Critical accounting estimates and judgements**

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

**(a) Critical judgement made in applying accounting policies**

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

**(i) Impairment loss on financial assets**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's and the Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Company's internal credit grading model, which assigns PDs to the individual grades;
- The Group's and the Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;

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**3. Critical accounting estimates and judgements (cont'd.)**

**(a) Critical judgement made in applying accounting policies (cont'd.)**

**(i) Impairment loss on financial assets (cont'd.)**

- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's and Company's policy to regularly review the models in the context of actual loss experience and adjust when necessary.

**(ii) Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

When deferred tax assets are recognised, assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of revenue, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

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**3. Critical accounting estimates and judgements (cont'd.)**

**(b) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group and the Company base its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**(i) Impairment assessment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating units and choose a suitable discount rate in order to calculate the present value of those cash flows.

The key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are as stated in Note 19.

**(ii) Fair value estimations of financial assets at FVTPL, financial investments at FVOCI and investment properties**

Quoted financial investments

The fair value of quoted financial investments is derived from market bid price. In the absence of market bid price in an active markets, the fair value of quoted financial investments is derived based on the following fair value hierarchy:

- Recent quoted last transacted price;
- Discounted cash flow method; or
- Relative price approach.

The Group and the Company use acceptable valuation technique which involves making assumptions based on market conditions and other factors as of the reporting date.

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**3. Critical accounting estimates and judgements (cont'd.)**

**(b) Key sources of estimation uncertainty (cont'd.)**

**(ii) Fair value estimations of financial assets at FVTPL, financial investments at FVOCI and investment properties (cont'd.)**

Unquoted financial investments

The fair value of unquoted financial investments is determined based on quotes from independent dealers or using valuation technique such as the discounted cash flow and price-earnings ratio methods which involve making assumptions based on market conditions and other factors as of the reporting date.

Investment properties

The fair value of investment properties for disclosure purposes is determined based on market-based evidence using comparable prices adjusted. When there was a lack of comparable market data because of the nature of the properties, valuation methodology based on a discounted cash flow method which involves making assumptions based on market yield and other factors.

**(iii) Income taxes**

Significant estimate is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in which the determination is made.



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**3. Critical accounting estimates and judgements (cont'd.)**

**(b) Key sources of estimation uncertainty (cont'd.)**

**(iv) Deferred tax assets**

When deferred tax assets are recognised, assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of revenue, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

**(v) Variable consideration on revenue**

Scheme fund management fees are dependent on the collectibility of repayments from the borrowers under the scheme fund and therefore give rise to variable consideration. The Group and the Company use the expected value method in estimating the variable consideration to be included in the transaction price given the risk of non-repayment from the borrowers. Before including any amount of variable consideration in the transaction price, the Group and the Company consider whether the variable consideration is not constrained (i.e. whether it is highly probable that a significant reversal in the amount of fee recognised as a result of non-repayment from the borrowers will not occur). In this assessment, the Group and the Company consider both the likelihood and the magnitude of the potential fee reversal.

**(vi) Extension option in lease**

In determining the lease term, management 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 terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	57,389	55,960	14,777	3,378
Deposits and placements maturing within one month	990,180	741,080	553,480	377,880
	<u>1,047,569</u>	<u>797,040</u>	<u>568,257</u>	<u>381,258</u>

Included in cash and short-term funds are deposits with original maturity of less than 3 months amounting to RM990,180,000 and RM553,480,000 for the Group and the Company respectively (2021: RM691,416,000 and RM328,216,000 respectively) which are classified as cash and cash equivalents for the purpose of the statements of cash flows.

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to approximately RM7,966,000 (2021: RM10,433,000). These amounts are excluded from the cash and short-term funds of the Group.

**5. Deposits and placements with licensed banks and other financial institutions**

	<b>Group</b>		<b>Company</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 with licensed banks	<u>44,816</u>	<u>144,249</u>	<u>41,816</u>	<u>138,799</u>

Included in deposits and placements with licensed banks and other financial institutions are deposits with original maturity of less than 3 months of nil amount for the Group and the Company respectively (2021: RM46,168,000 and RM35,118,000 respectively) which are classified as cash and cash equivalents for the purpose of the statements of cash flows.

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**6. Financial assets at FVTPL**

At fair value	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Money market instruments:				
Government Investment Issues	-	52,038	-	52,038
Unquoted instruments in Malaysia:				
Corporate bonds/ sukuk	-	53,073	-	53,073
Islamic commercial papers	-	124,526	-	124,526
Shares	51,025	30,245	-	-
	<u>51,025</u>	<u>207,844</u>	<u>-</u>	<u>177,599</u>
Unit trusts	51,866	40,050	18,604	19,271
	<u>102,891</u>	<u>299,932</u>	<u>18,604</u>	<u>248,908</u>

**7. Financial investments at FVOCI**

At fair value	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Money market instruments:				
Government Investment Issues	1,372,282	1,273,083	-	-
Malaysian Treasury Bills	-	398,374	-	-
Negotiable instruments of deposits	-	249,362	-	-
	<u>1,372,282</u>	<u>1,920,819</u>	<u>-</u>	<u>-</u>
Unquoted instruments in Malaysia:				
Corporate bonds/sukuk	614,521	637,041	2	2
Redeemable preference shares*	-	-	138,433	135,433
Shares	1,500	3,969	-	2,469
	<u>616,021</u>	<u>641,010</u>	<u>138,435</u>	<u>137,904</u>
	<u>1,988,303</u>	<u>2,561,829</u>	<u>138,435</u>	<u>137,904</u>

\* The redeemable preference shares are issued by wholly-owned subsidiaries and eliminated in the consolidated financial statements.

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**7. Financial investments at FVOCI (cont'd.)**

An analysis of changes in ECL allowances in relation to FVOCI is as follows:

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2021	303	81,279	81,582
Impairment made	19	-	19
Written back	-	(1,214)	(1,214)
Written off	-	(13,491)	(13,491)
<b>ECL as at 31 December 2021</b>	<b>322</b>	<b>66,574</b>	<b>66,896</b>
ECL as at 1 January 2022	322	66,574	66,896
Written back	(95)	-	(95)
Written off	-	(45,614)	(45,614)
<b>ECL as at 31 December 2022</b>	<b>227</b>	<b>20,960</b>	<b>21,187</b>
<b>Company</b>			
ECL as at 1 January 2021	-	6,852	6,852
Written back	-	(88)	(88)
<b>ECL as at 31 December 2021</b>	<b>-</b>	<b>6,764</b>	<b>6,764</b>
ECL as at 1 January 2022/ 31 December 2022	-	6,764	6,764

**8. Financial investments at amortised cost**

	<b>Group</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Money market instruments:		
Government Investment Issues	753,537	513,211
Malaysian Treasury Bills	99,701	-
	<u>853,238</u>	<u>513,211</u>
Unquoted instruments in Malaysia:		
Corporate bond/sukuk	1,637,423	1,830,837
Loan stocks	9,822	9,854
	<u>1,647,245</u>	<u>1,840,691</u>
Less: ECL allowances	<u>(3,260)</u>	<u>(10,065)</u>
	<u>2,497,223</u>	<u>2,343,837</u>

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**8. Financial investments at amortised cost (cont'd.)**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to amortised cost is as follows:

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
As at 1 January 2021	2,129,964	129,515	50,262	2,309,741
New assets purchased	369,122	-	-	369,122
Assets derecognised or matured (excluding written off)	(325,385)	-	-	(325,385)
Unwind of discount (recognised in interest income)	-	359	65	424
As at 31 December 2021	<u>2,173,701</u>	<u>129,874</u>	<u>50,327</u>	<u>2,353,902</u>
As at 1 January 2022	2,173,701	129,874	50,327	2,353,902
New assets purchased	854,728	-	-	854,728
Assets derecognised or matured (excluding written off)	(577,757)	(129,874)	(516)	(708,147)
As at 31 December 2022	<u>2,450,672</u>	<u>-</u>	<u>49,811</u>	<u>2,500,483</u>

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2021	789	2,426	6,994	10,209
Impairment made	-	-	138	138
Written back	(282)	-	-	(282)
ECL as at 31 December 2021	<u>507</u>	<u>2,426</u>	<u>7,132</u>	<u>10,065</u>
ECL as at 1 January 2022	507	2,426	7,132	10,065
Transfer (Note 22(c))	17	-	-	17
Written back	(113)	(2,426)	(4,283)	(6,822)
ECL as at 31 December 2022	<u>411</u>	<u>-</u>	<u>2,849</u>	<u>3,260</u>

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**9. Derivative assets**

<b>Group</b>	<b>Contract or underlying principal amount RM'000</b>	<b>Derivative assets RM'000</b>	<b>Derivative liabilities RM'000</b>
<b>2022</b>			
Interest rate related derivatives:			
- Interest rate swaps	300,000	11,778	-
<b>2021</b>			
Interest rate related derivatives:			
- Interest rate swaps	300,000	6,878	-

**10. Other assets**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Interest/profit receivables		46,243	43,087	1,055	1,730
Amount due from brokers and clients	(a)	39,016	45,750	-	-
Deposits, prepayments and other receivables		24,616	24,352	12,630	8,044
Less:					
ECL allowance	(b)	(4,352)	(6,184)	(4)	(7)
		20,264	18,168	12,626	8,037
Amount recoverable from Danaharta		96,973	96,973	-	-
Less:					
ECL allowance		(96,973)	(96,973)	-	-
		-	-	-	-
Amounts due from subsidiaries	(c)	-	-	6,460	10,650
Tax recoverable		48,208	36,741	18,899	13,827
		153,731	143,746	39,040	34,244

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**10. Other assets (cont'd.)****(a) Amounts due from brokers and clients**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Brokers	795	11,171
Clients	38,221	34,579
	<u>39,016</u>	<u>45,750</u>

Clients' and brokers' debit balances arose from trading of securities, through the investment banking subsidiary, which are not yet due for settlement as at reporting date.

**(b) Deposits, prepayments and other receivables****(i) ECL allowance**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	(6,184)	(6,636)
Impairment made (Note 36)	-	(1,808)
Written back (Note 36)	403	72
Written off	1,429	2,188
At 31 December	<u>(4,352)</u>	<u>(6,184)</u>

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	(7)	(55)
Written back (Note 36)	3	48
At 31 December	<u>(4)</u>	<u>(7)</u>

**(c) Amounts due from subsidiaries - current accounts**

These amounts are unsecured, interest-free and repayable on demand.

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**11. Loans, advances and financing**

	<b>Group</b>		<b>Company</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>
Term loans/financing				
- Syndicated term loans/financing	492,928	265,399	-	-
- Hire purchase receivables	7,603	9,330	7,603	9,330
- Real estate financing	18,409	18,707	-	-
- Murabahah financing	173,961	178,280	-	-
Other term loans/financing	507,490	717,359	111,780	120,382
	<u>1,200,391</u>	<u>1,189,075</u>	<u>119,383</u>	<u>129,712</u>
Margin accounts	810,767	585,429	-	-
Staff loans	643	734	431	423
	<u>2,011,801</u>	<u>1,775,238</u>	<u>119,814</u>	<u>130,135</u>
Less: Unearned interest/income	<u>(7,398)</u>	<u>(8,300)</u>	<u>(7,398)</u>	<u>(8,300)</u>
Gross loans, advances and financing	2,004,403	1,766,938	112,416	121,835
Less: ECL allowances	<u>(181,602)</u>	<u>(189,956)</u>	<u>(40,593)</u>	<u>(34,190)</u>
Net loans, advances and financing	<u>1,822,801</u>	<u>1,576,982</u>	<u>71,823</u>	<u>87,645</u>

The Group and Company operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

**(a) Gross loans, advances and financing**

	<b>Group</b>		<b>Company</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>(i) By type of customer</b>				
Domestic business enterprises				
- Small medium enterprises	1,144,636	1,095,689	67,999	72,801
- Others	220,445	229,951	43,986	48,611
Individuals	<u>639,322</u>	<u>441,298</u>	<u>431</u>	<u>423</u>
Gross loans, advances and financing	<u>2,004,403</u>	<u>1,766,938</u>	<u>112,416</u>	<u>121,835</u>



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**11. Loans, advances and financing (cont'd.)**

**(a) Gross loans, advances and financing (cont'd.)**

**(ii) By interest/profit rate sensitivity**

	<b>Group</b>		<b>Company</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>
Fixed rate				
- Staff loans	643	734	431	423
- Hire purchase receivables	6,869	8,765	6,869	8,765
- Other fixed rate loans/ financing	954,957	741,884	83,291	90,738
Variable rate				
- Base Lending Rate ("BLR") plus	21,825	21,909	21,825	21,909
- Cost-plus	1,020,109	993,646	-	-
Gross loans, advances and financing	<u>2,004,403</u>	<u>1,766,938</u>	<u>112,416</u>	<u>121,835</u>

**(iii) By economic sector**

	<b>Group</b>		<b>Company</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>
Manufacturing	90,279	74,096	36,543	39,945
Construction	100,355	87,191	-	-
Wholesale and retail trade and restaurants and hotels	58,714	60,895	47,648	48,658
Transport, storage and communications	146,117	15,203	12,485	15,203
Finance, insurance and business services	557,147	706,012	10,429	11,741
Electricity, gas and water supply	70,311	40,248	-	-
Real estate	131,471	131,270	-	-
Mining and quarrying	49,000	56,207	-	-
Household	638,879	440,837	-	-
Education and health	156,436	147,596	-	-
Others	5,694	7,383	5,311	6,288
Gross loans, advances and financing	<u>2,004,403</u>	<u>1,766,938</u>	<u>112,416</u>	<u>121,835</u>

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**11. Loans, advances and financing (cont'd.)**

**(a) Gross loans, advances and financing (cont'd.)**

**(iv) By residual contractual maturity**

	<b>Group</b>		<b>Company</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>
Within one year	1,344,126	1,254,846	63,322	62,422
One year to five years	522,499	388,183	21,578	24,373
After five years	137,778	123,909	27,516	35,040
Gross loans, advances and financing	<u>2,004,403</u>	<u>1,766,938</u>	<u>112,416</u>	<u>121,835</u>

**(b) Impaired loans, advances and financing ("ILs")**

**(i) Movements in ILs are as follows:**

	<b>Group</b>		<b>Company</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>
At 1 January	350,042	321,169	60,558	63,065
Classified as impaired	74,669	82,551	3,888	413
Amount recovered	(29,888)	(11,868)	(3,490)	(2,920)
Amount written off	(10,729)	(41,810)	-	-
At 31 December	<u>384,094</u>	<u>350,042</u>	<u>60,956</u>	<u>60,558</u>
Less:				
ECL allowance	<u>(173,610)</u>	<u>(172,624)</u>	<u>(36,713)</u>	<u>(28,785)</u>
Net ILs	<u>210,484</u>	<u>177,418</u>	<u>24,243</u>	<u>31,773</u>
Ratio of net ILs to gross loans, advances and financing less ECL allowance (Stage 3)	<u>11.50%</u>	<u>11.13%</u>	<u>32.02%</u>	<u>34.15%</u>

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**11. Loans, advances and financing (cont'd.)**

**(b) Impaired loans, advances and financing ("ILs") (cont'd.)**

**(ii) ILs by economic sector**

	<b>Group</b>		<b>Company</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>
Mining and quarrying	49,000	-	-	-
Manufacturing	35,847	38,948	35,848	38,949
Wholesale and retail trade and restaurants and hotels	16,115	26,525	16,115	15,796
Transport, storage and communications	5,047	1,821	5,047	1,821
Finance, insurance and business services	85,268	85,314	3,518	3,564
Real estate	131,471	131,270	-	-
Others	61,346	66,164	428	428
	<u>384,094</u>	<u>350,042</u>	<u>60,956</u>	<u>60,558</u>

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**11. Loans, advances and financing (cont'd.)**

**(c) Movements in impairment allowances by class of financial assets**

**(i) Gross loans, advances and financing**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans, advances and financing (excluding staff loans) is as follows:

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
Gross carrying amount as at 1 January 2021	1,434,420	4,277	321,169	1,759,866
New assets originated	457,912	-	-	457,912
Transfer to stage 1	3,461	(3,461)	-	-
Transfer to stage 2	(88,423)	88,423	-	-
Transfer to stage 3	(82,138)	(413)	82,551	-
Assets derecognised or repaid (excluding write offs)	(397,209)	(101)	(11,868)	(409,178)
Effects of modifications to contractual cash flows of financial assets	(324)	(262)	-	(586)
Amount written off	-	-	(41,810)	(41,810)
Gross carrying amount as at 31 December 2021	<u>1,327,699</u>	<u>88,463</u>	<u>350,042</u>	<u>1,766,204</u>
Gross carrying amount as at 1 January 2022	1,327,699	88,463	350,042	1,766,204
New assets originated	613,343	-	15,781	629,124
Transfer to stage 1	490	(490)	-	-
Transfer to stage 2	(2,029)	2,029	-	-
Transfer to stage 3	(3,888)	(55,000)	58,888	-
Assets derecognised or repaid (excluding write offs)	(347,065)	(3,886)	(29,888)	(380,839)
Amount written off	-	-	(10,729)	(10,729)
Gross carrying amount as at 31 December 2022	<u>1,588,550</u>	<u>31,116</u>	<u>384,094</u>	<u>2,003,760</u>

**Note:**

There were no loans, advances, and financing whose cash flows were modified in FY2022 (2021: RM585,357).

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**11. Loans, advances and financing (cont'd.)**

**(c) Movements in impairment allowances by class of financial assets (cont'd.)**

**(i) Gross loans, advances and financing (cont'd.)**

<b>Company</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
Gross carrying amount as at 1 January 2021	57,733	4,278	63,065	125,076
New assets originated	5,532	-	-	5,532
Transfer to stage 1	3,461	(3,461)	-	-
Transfer to stage 2	(16,024)	16,024	-	-
Transfer to stage 3	-	(413)	413	-
Assets derecognised or repaid (excluding write offs)	(5,589)	(101)	(2,920)	(8,610)
Effects of modifications to contractual cash flows of financial assets	(324)	(262)	-	(586)
Gross carrying amount as at 31 December 2021	44,789	16,065	60,558	121,412
Gross carrying amount as at 1 January 2022	44,789	16,065	60,558	121,412
New assets originated	3,475	-	-	3,475
Transfer to stage 1	490	(490)	-	-
Transfer to stage 2	(18,221)	18,221	-	-
Transfer to stage 3	(3,888)	-	3,888	-
Assets derecognised or repaid (excluding write offs)	(6,733)	(2,679)	(3,490)	(12,902)
Gross carrying amount as at 31 December 2022	19,912	31,117	60,956	111,985

Note:

There were no loans, advances, and financing whose cash flows were modified in FY2022 (2021: RM585,357).

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**11. Loans, advances and financing (cont'd.)**

**(c) Movements in impairment allowances by class of financial assets (cont'd.)**

**(ii) ECL allowances**

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2021	17,478	1,014	156,826	175,318
Transfer to Stage 1 (Note 22(c))	2,478	(771)	-	1,707
Transfer to Stage 2	(3,930)	3,930	-	-
Transfer to Stage 3	(3,169)	-	3,169	-
Impairment made	1,610	-	59,869	61,479
Written back	(1,074)	(234)	(4,481)	(5,789)
Written off	-	-	(41,809)	(41,809)
Discount unwind	-	-	(950)	(950)
ECL as at 31 December 2021	<u>13,393</u>	<u>3,939</u>	<u>172,624</u>	<u>189,956</u>
ECL as at 1 January 2022	13,393	3,939	172,624	189,956
Transfer to Stage 1 (Note 22(c))	2,327	(4)	-	2,323
Transfer to Stage 2	(1,705)	1,705	-	-
Transfer to Stage 3	(898)	(1,934)	2,832	-
Impairment made	-	-	19,921	19,921
Written back	(8,432)	(399)	(10,264)	(19,095)
Written off	-	-	(10,729)	(10,729)
Discount unwind	-	-	(774)	(774)
ECL as at 31 December 2022	<u>4,685</u>	<u>3,307</u>	<u>173,610</u>	<u>181,602</u>

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**11. Loans, advances and financing (cont'd.)**

**(c) Movements in impairment allowances by class of financial assets (cont'd.)**

**(ii) ECL allowances (cont'd.)**

<b>Company</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2021	3,015	1,014	30,849	34,878
Transfer to Stage 1	771	(771)	-	-
Transfer to Stage 2	(1,996)	1,996	-	-
Impairment made	1,610	-	-	1,610
Written back	-	(234)	(1,114)	(1,348)
Discount unwind	-	-	(950)	(950)
ECL as at 31 December 2021	<u>3,400</u>	<u>2,005</u>	<u>28,785</u>	<u>34,190</u>
ECL as at 1 January 2022	3,400	2,005	28,785	34,190
Transfer to Stage 1	4	(4)	-	-
Transfer to Stage 2	(1,705)	1,705	-	-
Transfer to Stage 3	(898)	-	898	-
Impairment made	-	-	7,804	7,804
Written back	(228)	(399)	-	(627)
Discount unwind	-	-	(774)	(774)
ECL as at 31 December 2022	<u>573</u>	<u>3,307</u>	<u>36,713</u>	<u>40,593</u>

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**11. Loans, advances and financing (cont'd.)**

**(d) Exposures to COVID-19 impacted sectors**

Group	On-balance sheet (net of impairment)		Undrawn (net of impairment)		Total exposure (net of impairment)	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Manufacturing	-	159	-	-	-	159
Wholesale and retail trade and restaurants hotels	-	21,790	-	76	-	21,866
Transport, storage and communications	-	8,720	-	703	-	9,423
Finance, insurance and business services	-	73,134	-	3	-	73,137
Mining and quarrying	49,000	56,207	-	-	49,000	56,207
Others	-	1,791	-	-	-	1,791

Company	On-balance sheet (net of impairment)		Undrawn (net of impairment)		Total exposure (net of impairment)	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Manufacturing	-	159	-	-	-	159
Wholesale and retail trade and restaurants hotels	-	21,790	-	76	-	21,866
Transport, storage and communications	-	8,720	-	703	-	9,423
Finance, insurance and business services	-	6,629	-	3	-	6,632
Others	-	1,791	-	-	-	1,791



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**11. Loans, advances and financing (cont'd.)**

**(e) COVID-19 customer relief and support measures**

Group	Non-retail customers				Total RM'000
	Stage 1 RM'000	SMEs Stage 2 RM'000	Stage 3 RM'000	Corporates Stage 1 RM'000	
<b>31 December 2022</b>					
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	-	-	-	-	-
Matured and repaying as per revised schedules	-	-	-	-	-
Extended	-	-	-	-	-
<b>31 December 2021</b>					
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	23,820	14,334	-	3,919	42,073
Matured and repaying as per revised schedules	1,421	-	-	-	1,421
Extended	22,399	14,334	-	3,919	40,652

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**11. Loans, advances and financing (cont'd.)**

**(e) COVID-19 customer relief and support measures (cont'd.)**

Company	Non-retail customers				Total RM'000
	Stage 1 RM'000	SMEs Stage 2 RM'000	Stage 3 RM'000	Corporates Stage 1 RM'000	
<b>31 December 2022</b>					
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	-	-	-	-	-
Matured and repaying as per revised schedules	-	-	-	-	-
Extended	-	-	-	-	-
<b>31 December 2021</b>					
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	20,836	14,334	-	3,919	39,089
Matured and repaying as per revised schedules	1,421	-	-	-	1,421
Extended	19,415	14,334	-	3,919	37,668

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**11. Loans, advances and financing (cont'd.)**

**(f) Overlays and adjustments for expected credit loss amid COVID-19 environment**

As the current MFRS 9 models are not expected to generate levels of expected credit loss with sufficient reliability in view of the unprecedented and remaining COVID-19 uncertainties and emerging risks, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs 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 relief and support measures expired in 2022.

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 who have received repayment supports remain in their existing stages. The overlays and post-model adjustments were generally made at portfolio level in determining the sufficient level of ECLs.

The impact of these post-model adjustments were estimated at portfolio level, remain outside the core MFRS 9 process and amounted to RM1.1 million and RM0.4 million for the Group and the Company respectively as at 31 December 2022 (2021: Group and Company RM3.5 million and RM2.4 million respectively).

**12. Statutory deposits with Bank Negara Malaysia**

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia ("BNM") in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

As announced by BNM on 15 May 2020, effective 16 May 2020, banking institutions are allowed to use Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("MGI") to fully meet the Statutory Reserve Requirement ("SRR") compliance. The flexibility is available until 31 December 2022.

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**13. Investment in subsidiaries**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares - at cost	954,511	954,511
Less: Accumulated impairment loss	(360,454)	(356,317)
	<u>594,057</u>	<u>598,194</u>

Movements in impairment loss are as follows:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	(356,317)	(356,317)
Impairment made (Note 36)	(4,137)	-
As at 31 December	<u>(360,454)</u>	<u>(356,317)</u>

**(a) The details of the subsidiaries are as follows:**

<b>Name of companies</b>	<b>Effective ownership interest</b>		<b>Principal activities</b>
	<b>2022</b>	<b>2021</b>	
	<b>%</b>	<b>%</b>	
MIDF Amanah Investment Bank Berhad	100.0	100.0	Investment banking and related financial services
MIDF Amanah Asset Management Berhad	100.0	100.0	Fund management and investment advisory
MIDF Amanah Capital Berhad	100.0	100.0	Investment and property holding
MIDF DFI Bhd.	100.0	100.0	Dormant
Amanah International Finance Sdn. Bhd.	100.0	100.0	Provision of real estate and short-term financing
MIDF Amanah Ventures Sdn. Bhd.	100.0	100.0	Venture capital
Omega Matrix (M) Sdn. Bhd.	100.0	100.0	Loan management
Oriental 1936 Berhad	75.2	75.2	Dormant

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

**(a) The details of the subsidiaries are as follows: (cont'd.)**

Name of companies	Effective ownership interest		Principal activities
	2022 %	2021 %	
<u>Subsidiaries of MIDF Amanah Investment Bank Berhad</u>			
MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd.	100.0	100.0	Nominees services
MIDF Amanah Investment Nominees (Asing) Sdn. Bhd.	100.0	100.0	Nominees services

All of the subsidiaries are incorporated in Malaysia.

**(b) Financial information of subsidiary that has material non-controlling interests is provided below:**

**Proportion of equity interest held by non-controlling interests:**

Name	Country of incorporation	2022 %	2021 %
Oriental 1936 Berhad	Malaysia	24.8	24.8
		<b>2022 RM'000</b>	<b>2021 RM'000</b>
Accumulated balances of material non-controlling interests		249	254
Loss allocated to material non-controlling interests		(5)	(5)

The summarised financial information of Oriental 1936 Berhad is provided below. This information is based on amounts before inter-company eliminations.

**(i) Summarised statement of comprehensive income:**

	2022 RM'000	2021 RM'000
Other operating income	17	17
Other operating expense	(38)	(38)
Loss for the financial year, representing total comprehensive loss for the financial year	(21)	(21)
Attributable to non-controlling interests	(5)	(5)

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**13. Investments in subsidiaries (cont'd.)**

**(b) Financial information of subsidiary that has material non-controlling interests is provided below (cont'd.):**

**(ii) Summarised statement of financial position:**

	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
<b>Assets</b>		
Other receivables	6	6
Cash and bank balances	5	3
Financial assets at FVTPL	992	1,015
<b>Total assets</b>	<u>1,003</u>	<u>1,024</u>
<b>Liability</b>		
Other payables	<u>39</u>	<u>39</u>
<b>Equity</b>		
Share capital	387,083	387,083
Accumulated losses	(386,119)	(386,098)
<b>Total equity</b>	<u>964</u>	<u>985</u>
<b>Total liability and equity</b>	<u>1,003</u>	<u>1,024</u>
Attributable to:		
Equity holders of parent	754	770
Non-controlling interests	<u>249</u>	<u>254</u>

**(iii) Summarised statement of cash flows:**

	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
Cash balance at beginning of financial year	3	9
Cash flow generated from/(used in) operating activities	2	(6)
Net increase/(decrease) in cash and cash equivalents	<u>2</u>	<u>(6)</u>
Cash balance at end of financial year	<u>5</u>	<u>3</u>

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**14. Investment properties**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Buildings</b>		
<b>Cost</b>		
At 1 January/31 December	<u>4,442</u>	<u>4,442</u>
<b>Accumulated depreciation</b>		
At 1 January	2,000	1,904
Depreciation charge	89	96
Reclassification to right-of-use assets	(8)	-
At 31 December	<u>2,081</u>	<u>2,000</u>
<b>Net book value</b>	<u>2,361</u>	<u>2,442</u>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Had these buildings been carried at fair value, the carrying amounts, by class, that would have been included in the financial statements of the Group are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment properties		
Residential properties	6,381	6,397
Office property	<u>905</u>	<u>687</u>

The fair values of investment properties disclosed above have not been determined by an external independent valuer. The fair values of the investment properties are determined using the market comparison method. Market price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

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**15. Property, plant and equipment**

<b>Group</b>	<b>Freehold buildings RM'000</b>	<b>Leasehold buildings RM'000</b>	<b>Renovations RM'000</b>	<b>Furniture, fittings and office equipment RM'000</b>	<b>Computers RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>								
At 1 January 2021	670	1,496	7,626	12,068	17,452	2,557	12	41,881
Additions	-	-	-	59	145	554	-	758
Disposal	-	-	-	-	-	(343)	-	(343)
Written off	-	-	(8)	(297)	(2)	-	(12)	(319)
At 31 December 2021	670	1,496	7,618	11,830	17,595	2,768	-	41,977
Additions	-	-	-	69	776	-	-	845
Disposal	-	-	-	(37)	-	-	-	(37)
Reclassification	-	-	2	(2)	-	-	-	-
Written off	-	-	-	(151)	(1)	-	-	(152)
At 31 December 2022	670	1,496	7,620	11,709	18,370	2,768	-	42,633



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

<b>Group (cont'd.)</b>	<b>Freehold buildings RM'000</b>	<b>Leasehold buildings RM'000</b>	<b>Renovations RM'000</b>	<b>Furniture, fittings and office equipment RM'000</b>	<b>Computers RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Accumulated depreciation</b>								
At 1 January 2021	331	1,188	7,170	11,864	16,126	1,601	-	38,280
Depreciation	13	29	125	64	890	389	-	1,510
Disposal	-	-	-	-	-	(343)	-	(343)
Written off	-	-	(7)	(260)	(2)	-	-	(269)
At 31 December 2021	344	1,217	7,288	11,668	17,014	1,647	-	39,178
Reclassification	1	(1)	(1)	1	(1)	1	-	-
Depreciation	13	29	123	68	486	376	-	1,095
Disposal	-	-	-	(37)	-	-	-	(37)
Written off	-	-	-	(113)	(1)	-	-	(114)
At 31 December 2022	358	1,245	7,410	11,587	17,498	2,024	-	40,122
<b>Net book value</b>								
At 31 December 2021	326	279	330	162	581	1,121	-	2,799
At 31 December 2022	312	251	210	122	872	744	-	2,511

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

<b>Company</b>	<b>Freehold buildings RM'000</b>	<b>Leasehold buildings RM'000</b>	<b>Renovations RM'000</b>	<b>Furniture, fittings and office equipment RM'000</b>	<b>Computers RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>								
At 1 January 2021	670	1,496	6,666	7,262	8,470	2,414	-	26,978
Additions	-	-	-	15	57	554	-	626
Disposals	-	-	-	-	-	(342)	-	(342)
Written off	-	-	(8)	(261)	(2)	-	-	(271)
At 31 December 2021	670	1,496	6,658	7,016	8,525	2,626	-	26,991
Additions	-	-	-	52	582	-	-	634
Disposals	-	-	-	(37)	-	-	-	(37)
Written off	-	-	-	(62)	(1)	-	-	(63)
At 31 December 2022	670	1,496	6,658	6,969	9,106	2,626	-	27,525

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

<b>Company (cont'd.)</b>	<b>Freehold buildings RM'000</b>	<b>Leasehold buildings RM'000</b>	<b>Renovations RM'000</b>	<b>Furniture, fittings and office equipment RM'000</b>	<b>Computers RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Accumulated depreciation</b>								
At 1 January 2021	331	1,188	6,217	7,082	7,574	1,458	-	23,850
Depreciation	13	29	123	57	573	389	-	1,184
Disposals	-	-	-	-	-	(342)	-	(342)
Written off	-	-	(7)	(260)	(2)	-	-	(269)
At 31 December 2021	344	1,217	6,333	6,879	8,145	1,505	-	24,423
Depreciation	13	29	121	59	346	375	-	943
Reclassification	1	(1)	-	2	(2)	-	-	-
Disposals	-	-	-	(37)	-	-	-	(37)
Written off	-	-	-	(60)	-	-	-	(60)
At 31 December 2022	358	1,245	6,454	6,843	8,489	1,880	-	25,269
<b>Net book value</b>								
At 31 December 2021	326	279	325	137	380	1,121	-	2,568
At 31 December 2022	312	251	204	126	617	746	-	2,256

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**16. Intangible assets**

<b>Group</b>	<b>Computer software RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 January 2021	16,167	3,089	19,256
Addition	4,606	5,181	9,787
Reclass from work-in-progress	1,915	(1,915)	-
Written off	-	(780)	(780)
At 31 December 2021	22,688	5,575	28,263
Addition	5,282	2,311	7,593
Reclassification	2	(2)	-
Reclass from work-in-progress	698	(698)	-
At 31 December 2022	28,670	7,186	35,856
<b>Accumulated amortisation</b>			
At 1 January 2021	(13,169)	-	(13,169)
Amortisation	(2,693)	-	(2,693)
Write off	4	-	4
At 31 December 2021	(15,858)	-	(15,858)
Amortisation	(5,157)	-	(5,157)
At 31 December 2022	(21,015)	-	(21,015)
<b>Net book value</b>			
At 31 December 2021	6,830	5,575	12,405
At 31 December 2022	7,655	7,186	14,841

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

<b>Company</b>	<b>Computer software RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 January 2021	6,177	2,171	8,348
Addition	2,653	3,918	6,571
Reclass from work-in-progress	1,861	(1,861)	-
Written off	-	(26)	(26)
At 31 December 2021	10,691	4,202	14,893
Addition	2,168	1,957	4,125
Reclass from work-in-progress	2,825	(2,825)	-
Reclassification	1	(1)	-
At 31 December 2022	15,685	3,333	19,018
<b>Accumulated amortisation</b>			
At 1 January 2021	(4,201)	-	(4,201)
Amortisation	(1,822)	-	(1,822)
Written off	5	-	5
At 31 December 2021	(6,018)	-	(6,018)
Amortisation	(3,818)	-	(3,818)
At 31 December 2022	(9,836)	-	(9,836)
<b>Net book value</b>			
At 31 December 2021	4,673	4,202	8,875
At 31 December 2022	5,849	3,333	9,182

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**17. Deferred tax**

	<b>Group</b>		<b>Company</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>
At 1 January	20,598	13,737	6,591	7,380
Recognised in profit or loss (Note 37)	(2,003)	(2,147)	125	(431)
Recognised in other comprehensive income	4,701	9,008	479	(358)
At 31 December	<u>23,296</u>	<u>20,598</u>	<u>7,195</u>	<u>6,591</u>

Presented after appropriate offsetting as follows:

	<b>Group</b>		<b>Company</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>
Deferred tax assets	<u>23,296</u>	<u>20,598</u>	<u>7,195</u>	<u>6,591</u>

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 taxation authority.

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**17. Deferred tax (cont'd.)**

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

**Deferred tax assets of the Group**

	<b>ECL allowance RM'000</b>	<b>Revaluation of FVOCI RM'000</b>	<b>Provision for liabilities* RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	5,690	(5,180)	14,117		14,627
Recognised in profit or loss	(289)	-	(1,680)	-	(1,969)
Recognised in other comprehensive income	-	9,403	(395)	-	9,008
At 31 December 2021	<u>5,401</u>	<u>4,223</u>	<u>12,042</u>	<u>-</u>	<u>21,666</u>
At 1 January 2022	5,401	4,223	12,042	-	21,666
Recognised in profit or loss	(3,578)	-	(534)	1,325	(2,787)
Recognised in other comprehensive income	-	4,757	(56)	-	4,701
At 31 December 2022	<u>1,823</u>	<u>8,980</u>	<u>11,452</u>	<u>1,325</u>	<u>23,580</u>

\* Includes provision for bonus and retirement benefits.

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**17. Deferred tax (cont'd.)**

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd.)

**Deferred tax liabilities of the Group**

	<b>Accelerated capital allowances RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	(890)	(890)
Recognised in profit or loss	(178)	(178)
At 31 December 2021	<u>(1,068)</u>	<u>(1,068)</u>
At 1 January 2022	(1,068)	(1,068)
Recognised in profit or loss	784	784
At 31 December 2022	<u>(284)</u>	<u>(284)</u>



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**17. Deferred tax (cont'd.)**

**Deferred tax assets of the Company**

	<b>ECL allowance RM'000</b>	<b>Provision for liabilities* RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	1,020	7,600	-	8,620
Recognised in profit or loss	303	(455)	-	(152)
Recognised in other comprehensive income	-	(358)	-	(358)
At 31 December 2021	<u>1,323</u>	<u>6,787</u>	<u>-</u>	<u>8,110</u>
At 1 January 2022	1,323	6,787	-	8,110
Recognised in profit or loss	(234)	(1,731)	1,325	(640)
Recognised in other comprehensive income	-	(42)	-	(42)
At 31 December 2022	<u>1,089</u>	<u>5,014</u>	<u>1,325</u>	<u>7,428</u>

\* Includes provision for bonus and retirement benefits.

**Deferred tax liabilities of the Company**

	<b>Revaluation of FVOCI RM'000</b>	<b>Accelerated capital allowances RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	(521)	(719)	(1,240)
Recognised in profit or loss	-	(279)	(279)
At 31 December 2021	<u>(521)</u>	<u>(998)</u>	<u>(1,519)</u>
At 1 January 2022	(521)	(998)	(1,519)
Recognised in profit or loss	-	765	765
Recognised in other comprehensive income	521	-	521
At 31 December 2022	<u>-</u>	<u>(233)</u>	<u>(233)</u>

No deferred tax has been recognised on the following:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Unutilised tax losses	394,691	404,012	11,837	1,681
Unabsorbed capital allowances	<u>142,517</u>	<u>138,422</u>	<u>19,996</u>	<u>15,974</u>
	<u>537,208</u>	<u>542,434</u>	<u>31,833</u>	<u>17,655</u>

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**17. Deferred tax (cont'd.)**

The unutilised tax losses are available for offsetting against future taxable profits for a maximum period of ten years of assessment while unabsorbed capital allowance can be offset indefinitely under the Income Tax Act 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits.

**18. (a) Right-of-use assets and lease receivables**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Right-of-use assets	(i)	7,712	13,328	5,020	8,791
Lease receivables	(ii)	-	-	2,510	4,350
		<u>7,712</u>	<u>13,328</u>	<u>7,530</u>	<u>13,141</u>

**(i) Right-of-use assets**

Group	Land use rights RM'000	Office building RM'000	Total RM'000
At 1 January 2021	279	15,229	15,508
Remeasurement	-	5,282	5,282
Depreciation charge	(4)	(7,458)	(7,462)
At 31 December 2021/ 1 January 2022	<u>275</u>	<u>13,053</u>	<u>13,328</u>
Remeasurement	-	1,860	1,860
Depreciation charge	(10)	(7,458)	(7,468)
Reclassification from investment properties	(8)	-	(8)
At 31 December 2022	<u>257</u>	<u>7,455</u>	<u>7,712</u>

**Office building**

Company	2022 RM'000	2021 RM'000
At 1 January	8,791	10,337
Addition	1,252	3,477
Depreciation charge	(5,023)	(5,023)
At 31 December	<u>5,020</u>	<u>8,791</u>

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**18. (a) Right-of-use assets and lease receivables (cont'd)**

**(ii) Lease receivables**

<b>Company</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
At 1 January	4,350	4,892
Remeasurement	607	1,804
Payments received	(2,585)	(2,585)
Finance lease income	138	239
At 31 December	<u>2,510</u>	<u>4,350</u>

Lease receivables are recognised in respect of the sublease arrangements entered into by the Company with its subsidiaries.

Future minimum lease rental receivables under non-cancellable operating leases as at 31 December are as follows:

	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Within one year	2,585	2,585
After one year but not more than two years	-	1,938
	<u>2,585</u>	<u>4,523</u>

**(b) Lease liability**

	<b>Group and Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
At 1 January	13,328	15,229
Remeasurement	1,860	5,282
Lease payments	(7,916)	(7,916)
Finance cost	422	733
At 31 December	<u>7,694</u>	<u>13,328</u>

During the current financial year, the Group and the Company have assessed the likelihood of exercising the extension option for a further twelve months period from 31 December 2022 with no change in monthly consideration.

The resulting financial effect was an increase in lease liability for the Group and the Company of RM1,860,000. There was also an increase in lease receivables of RM607,000 for the Company and an increase in right-of-use assets of RM1,860,000 and RM1,252,000 for the Group and Company respectively.

The lease liability for the Group and the Company carry an interest rate of 5.30% (2021: 4.25%) per annum.

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**19. Goodwill**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
At 1 January/31 December	86,713	86,713

Impairment testing for cash-generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
MIDF Amanah Investment Bank Berhad	86,713	86,713

The recoverable amounts of the assets of the investment banking unit are determined based on a computed value in use using cash flow projections based on financial budgets approved by the Board of Directors covering a three-year period. Cash flows beyond the three-year period are extrapolated and consistent with the financial budgets as mentioned above with a projected terminal growth rate. The pre-tax discount rate applied to the cash flow projections of 10.4% (2021: 10.6%) per annum is based on average return on equity of comparable investment banks.

The recoverable amount of the investment banking unit is determined to be higher than its carrying amount, based on computation that the investment banking unit is an on-going operation.

The values assigned to the key assumptions represent management's assessment of future trends in the investment banking business and are based on both external and internal sources (historical data).

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGU.

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**20. Deposits from customers**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By types of deposits</b>		
Call deposits	66,890	12,165
Fixed deposits	4,327,021	4,895,681
	<u>4,393,911</u>	<u>4,907,846</u>
<b>(ii) By types of customers</b>		
Business enterprises	2,242,218	2,251,852
Government and statutory bodies	2,148,935	2,653,294
Individuals	2,758	2,700
	<u>4,393,911</u>	<u>4,907,846</u>
<b>(iii) By maturity structure of term deposits</b>		
Due within six months	4,307,305	4,504,164
Six months to one year	86,606	350,172
One year to two years	-	53,510
	<u>4,393,911</u>	<u>4,907,846</u>

**21. Deposits and placements of banks and other financial institutions**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Call deposits</b>		
- Other financial institutions	55,574	19,090
<b>(ii) Fixed deposits</b>		
- Licensed banks	162,000	-
- Other financial institutions	1,241,392	1,043,944
	<u>1,458,966</u>	<u>1,063,034</u>

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**22. Other liabilities**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts due to brokers and clients	(a)	44,966	48,058	-	-
Accrued interest and other payables		80,709	73,706	35,468	33,007
Other creditors and accruals	(b)	28,504	27,844	26,977	26,662
Amount due to Government Scheme Funds ("GSF")		5,834	9,893	5,834	9,893
ECL allowance on loans /financing commitments and financial investments	(c)	584	1,392	74	113
		<u>160,597</u>	<u>160,893</u>	<u>68,353</u>	<u>69,675</u>

(a) Amounts due to brokers and clients

	Group	
	2022 RM'000	2021 RM'000
Brokers	26,316	10,731
Clients	18,650	37,327
	<u>44,966</u>	<u>48,058</u>

(b) Included in prior year's other creditors and accruals was the Shariah non-compliance income amounting to RM35,000 for the Group and the Company. Movement of sources and uses of the income is disclosed in Note 40. There was no Shariah non-compliance income in the current financial year.

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

- (c) Movements in the ECL allowances on loans, advances and financing commitments and financial investments are as follows:

<b>Group</b>	<b>Loans, advances and financing commitments RM'000</b>	<b>Financial investments at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Stage 1 Collective</b>			
At 1 January 2021	2,715	101	2,816
Transfer (Note 11(c)(ii))	(1,707)	-	(1,707)
Impairment made	476	11	487
Written back	(109)	(95)	(204)
At 31 December 2021	<u>1,375</u>	<u>17</u>	<u>1,392</u>
At 1 January 2022	1,375	17	1,392
Transfer (Note 8 and Note 11(c)(ii))	(2,323)	(17)	(2,340)
Impairment made	2,052	-	2,052
Written back	(520)	-	(520)
At 31 December 2022	<u>584</u>	<u>-</u>	<u>584</u>

<b>Company</b>	<b>Loans, advances and financing commitments RM'000</b>
<b>Stage 1 Collective</b>	
At 1 January 2021	222
Written back	(109)
At 31 December 2021	<u>113</u>
At 1 January 2022	113
Written back	(39)
At 31 December 2022	<u>74</u>

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**23. Borrowings and government grant**

		<b>Group and Company</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Borrowings</b>	<b>Note</b>		
Loan from JBIC – FSMI	(a)	115,244	122,229
Loan from MITI	(b)	93,753	125,018
		<u>208,997</u>	<u>247,247</u>
<b>Government grant</b>			
Loan from MITI	(b)	22,247	22,982
<b>Total borrowings and government grant</b>		<u>231,244</u>	<u>270,229</u>

(a) Loan from Japan Bank for International Cooperation Fund for Small and Medium Industries ("JBIC - FSMI")

		<b>Group and Company</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
At 1 January		122,229	129,213
Repayment		(6,985)	(6,984)
At 31 December		<u>115,244</u>	<u>122,229</u>

The details of the loan from JBIC-FSMI are as follows:

- Repayment terms: First instalment - RM3,492,286.99 on 20 March 2009  
60 half yearly instalments - RM3,492,249.00 up to 20 March
- Security: Unsecured
- Interest rate: 2.75% per annum

There is no foreign exchange risk as the loan is provided in Ringgit Malaysia.



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**23. Borrowings and government grant (cont'd.)**

- (b) Loan from Soft Loan Scheme for Services Sector ("SLSSS") provided by Ministry of International Trade and Industry ("MITI")

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Borrowing</b>		
At 1 January	125,018	128,019
Repayment	(32,000)	(12,000)
Profit expense*	735	8,999
At 31 December	<u>93,753</u>	<u>125,018</u>
<b>Government grant</b>		
At 1 January	22,982	31,981
Amortisation*	(735)	(8,999)
At 31 December	<u>22,247</u>	<u>22,982</u>
	<u>116,000</u>	<u>148,000</u>

\* Grant income is deducted against the profit expense in profit or loss.

The details of the loan from MITI and repayment term has been revised during the year as follows:

- Repayment terms: Five (5) annual installments of RM22,000,000 each and the last installments of RM50,000,000.  
Repayable at the end of nineteen years (including a grace period of 10 years) from the date of first drawdown (31 December 2011).
- Security: Unsecured
- Interest rate: Nil #

# The facility of RM200 million with MITI is based on the Shariah financing concept of Al-Qardhul Hassan.

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**24. Employee benefits**

The Group and the Company operate an unfunded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Scheme is a final salary plan and the level of benefits provided depends on the employees' length of service and salary at retirement age.

Under the retirement benefit scheme, eligible employees are entitled to retirement benefits based on the length of service and last drawn salary. Retirement benefits are payable only to eligible employees who have completed at least five years of service with the Group or with the Company at the time of their retirement.

The amount of employee benefits recognised in the statements of financial position is determined as follows:

	<b>Group</b>		<b>Company</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>
Present value of unfunded defined benefit obligations	12,687	11,590	9,566	8,649
Present value of net obligations	<u>12,687</u>	<u>11,590</u>	<u>9,566</u>	<u>8,649</u>
<b><i>Analysed as:</i></b>				
<b>Non-current</b>				
Later than 1 year but not later than 2 years	3,944	2,633	3,944	2,633
Later than 2 years but not later than 5 years	2,517	2,257	1,615	1,402
Later than 5 years	<u>6,226</u>	<u>6,700</u>	<u>4,007</u>	<u>4,614</u>
	<u>12,687</u>	<u>11,590</u>	<u>9,566</u>	<u>8,649</u>

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

Movements in the net defined benefit liability recognised in the statements of financial position are as follows:

	<b>Group</b>		<b>Company</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>
At 1 January	11,590	12,394	8,649	9,053
Benefits paid	-	(1,308)	-	(783)
	<u>11,590</u>	<u>11,086</u>	<u>8,649</u>	<u>8,270</u>
Recognised in profit or loss (Note 31):				
Current service cost	546	575	372	389
Interest cost	453	392	371	310
	<u>999</u>	<u>967</u>	<u>743</u>	<u>699</u>
Recognised in other comprehensive income:				
Remeasurement of the net defined benefit liability:				
- Actuarial loss arising from plan experience	738	302	695	297
- Actuarial gain arising from changes in demographic assumptions	-	(38)	-	-
- Actuarial gain arising from changes in financial assumptions	(640)	(727)	(521)	(617)
	<u>98</u>	<u>(463)</u>	<u>174</u>	<u>(320)</u>
At 31 December	<u>12,687</u>	<u>11,590</u>	<u>9,566</u>	<u>8,649</u>

Principal actuarial assumptions used are as follows:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
Discount rate	5.00%	4.30%
Expected rate of salary increase	5.00%	5.00%
Mortality rate	0.02% - 0.70%	0.02% - 0.70%

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

A quantitative sensitivity analysis for significant assumptions above is as shown below:

Assumptions Sensitivity analysis	Discount rate		Future salary increase	
	0.5% increase RM'000	0.5% decrease RM'000	0.5% increase RM'000	0.5% decrease RM'000

(Decrease)/increase in the net defined benefit obligation:

**Group**

<b>2022</b>	(428)	449	446	(431)
<b>2021</b>	(446)	468	463	(445)

**Company**

<b>2022</b>	(349)	368	366	(351)
<b>2021</b>	(359)	377	373	(358)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

**25. Share capital**

	Group and Company			
	Number of ordinary shares		Amount	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Issued and fully paid:</b>				
At 1 January/31 December	480,356	480,356	879,931	879,931

**26. (a) Regulatory reserve**

Regulatory reserve is maintained in addition to the loss allowance that has been assessed and recognised in accordance with MFRS and has been transferred from the retained profits, in accordance with BNM's Revised Policy Document on Financial Reporting issued on 27 September 2019.

**(b) FVOCI reserve**

The FVOCI reserve arises from the change in the fair value of the financial investments at FVOCI, net of tax and is not distributable as cash dividends.

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**27. Commitments and contingencies**

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

The commitments and contingencies and the related risk-weighted exposures of the Group and of the Company as at the end of financial year are as follows:

	<----- 2022 ----->			<----- 2021 ----->		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<b>Group</b>						
Direct credit substitutes	63,500	63,500	63,500	36,000	36,000	36,000
Interest rate related contracts with an original maturity of:						
- Over one year to five years	300,000	18,180	3,636	300,000	15,826	3,165
Other commitments such as formal and credit lines, with original:						
- Maturity not exceeding one year	297,849	59,570	59,570	287,878	57,576	57,576
- Maturity exceeding one year	168,108	84,054	84,054	375,398	187,699	187,699
<b>Total</b>	<b>829,457</b>	<b>225,304</b>	<b>210,760</b>	<b>999,276</b>	<b>297,101</b>	<b>284,440</b>
<b>Company</b>						
Irrevocable commitments to extend credit:						
- Maturity exceeding one year	8,838	4,419	4,419	12,565	6,283	6,283
<b>Total</b>	<b>8,838</b>	<b>4,419</b>	<b>4,419</b>	<b>12,565</b>	<b>6,283</b>	<b>6,283</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as per BNM's Guidelines.

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**28. Interest income**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income on non-impaired loans	52,415	50,760	165	28
- Interest income on impaired loans ("ILs")	16,178	834	658	834
Money at call and deposit placements with financial institutions	12,621	9,698	9,075	7,107
Financial assets at FVTPL	1,201	5,472	1,201	5,468
Financial investments at FVOCI				
- Interest income on non-impaired investments	8,708	5,287	-	-
Financial investments at amortised cost				
- Interest income on non-impaired investments	13,301	10,404	-	-
- Interest income on impaired investments	-	108	-	-
Finance lease income (Note 18(a)(ii))	-	-	138	239
Accretion of discount and amortisation of premium	5,055	3,694	2,839	3,158
Derivative instruments	720	-	-	-
	<b>110,199</b>	<b>86,257</b>	<b>14,076</b>	<b>16,834</b>

**Note:**

The Group and the Company granted an automatic moratorium on certain financing repayments/payments for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. In the previous financial year, the Group and the Company granted further moratorium on a case-by-case basis to certain borrowers. These measures were to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. There were no further moratorium granted in the current financial year.

As a result of the payment of moratorium, the Group and the Company recognised a loss of RM585,357 in the prior financial year arising from the modification of contractual cash flows of the financing and advances. There was none recognised in the current financial year.

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**29. Interest expense**

	<b>Group</b>		<b>Company</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	8,630	1,756	-	-
Deposits from customers	31,383	24,382	-	-
Borrowings	3,259	3,451	3,259	3,451
Finance cost on lease liability	422	733	422	733
Derivative instruments	-	1,777	-	-
	<b>43,694</b>	<b>32,099</b>	<b>3,681</b>	<b>4,184</b>

**30. Non-interest income**

	<b>Group</b>		<b>Company</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>Fee income</b>				
Management fees	2,416	7,425	23,561	20,605
Underwriting fees	1,360	441	-	-
Corporate advisory fees	2,683	7,494	-	-
Brokerage fees	7,074	8,177	-	-
Income from Government Scheme Funds	2,583	2,185	2,583	2,185
Other fees	8,155	8,932	-	-
	<b>24,271</b>	<b>34,654</b>	<b>26,144</b>	<b>22,790</b>
<b>Investment income</b>				
Net loss on sale of financial assets at FVTPL	(7,709)	(1,342)	(7,709)	(258)
Net gain on sales of:				
- financial investments at FVOCI	2,957	1,989	2,935	-
- financial investments at amortised costs	630	-	-	-
Net unrealised gain/(loss) on revaluation				
- financial assets at FVTPL	24,647	(9,215)	3,264	(9,365)
- derivatives instruments	4,900	6,964	-	-
	<b>25,425</b>	<b>(1,604)</b>	<b>(1,510)</b>	<b>(9,623)</b>

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

	<b>Group</b>		<b>Company</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>Gross dividend income</b>				
Financial assets at FVTPL	-	146	-	-
Financial investments at FVOCI	98	496	-	300
Subsidiaries	-	-	4,550	20,000
	<u>98</u>	<u>642</u>	<u>4,550</u>	<u>20,300</u>
<b>Other income</b>				
(Loss)/gain on disposal of property, plant and equipment	(30)	62	(30)	62
Rental from:				
- Office premises	244	1,207	433	1,220
- Investment properties	74	74	-	-
Others	777	597	142	180
	<u>1,065</u>	<u>1,940</u>	<u>545</u>	<u>1,462</u>
	<u>50,859</u>	<u>35,632</u>	<u>29,729</u>	<u>34,929</u>

**31. Staff costs**

	<b>Group</b>		<b>Company</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>
Wages, salaries and bonuses	91,721	74,530	45,897	36,571
Executive Director's remuneration (Note 33)	3,408	3,545	3,277	3,406
Employees' benefits (Note 24)	999	967	743	699
Defined contribution plan	15,300	12,370	7,664	6,464
Social security costs	514	454	330	268
Other staff related expenses	14,786	10,610	10,426	6,948
	<u>126,728</u>	<u>102,476</u>	<u>68,337</u>	<u>54,356</u>



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**32. Other operating expenses**

	<b>Group</b>		<b>Company</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>Establishment costs</b>				
Rental of:				
- office equipment ^	87	54	48	34
- premises *	629	2,073	572	2,035
General repairs and maintenance	15,333	13,243	7,379	6,254
Insurance	701	276	368	168
Utilities	357	301	291	281
Other establishment costs	15	23	3	8
	<u>17,122</u>	<u>15,970</u>	<u>8,661</u>	<u>8,780</u>
<b>Promotion and marketing-related expenses</b>				
Business promotion and advertisement	3,255	4,737	1,343	2,349
Entertainment	404	241	27	40
	<u>3,659</u>	<u>4,978</u>	<u>1,370</u>	<u>2,389</u>
<b>Administration and general expenses</b>				
Auditors' remuneration				
- Audit	706	719	285	345
- Regulatory-related services	202	18	90	-
Non-executive Directors' remunerations (Note 33):				
- Directors of the Company	1,157	1,123	1,157	1,123
- Directors of the subsidiaries	601	322	-	-
Communication expenses	542	361	367	349
Shared service charges	-	-	7,783	8,666
Professional fees	5,264	5,706	7,505	6,564
Others	5,372	9,102	1,276	1,108
	<u>13,844</u>	<u>17,351</u>	<u>18,463</u>	<u>18,155</u>
	<u>34,625</u>	<u>38,299</u>	<u>28,494</u>	<u>29,324</u>

^ Expense relating to leases of low-value assets.

\* Expense relating to short-term leases.

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33. Directors' and Shariah members' remuneration

2022

Executive director:

Dato' Charon Wardini Bin Mokhzani

Non-executive directors:

Tan Sri Abdul Rahman Bin Mamat

Datuk Azizan Bin Hj. Abd Rahman

(Resigned on 1 April 2022)

Cik Hasnah Binti Omar

Dato' Kaziah Binti Abd Kadir

Encik Ahmad Lutfi Bin Abdull Mutalip @ Talib

Datuk Yasmin Binti Mahmood

Encik Ahlan Nasri Bin Mohd Nazir @ Nasir

Datuk Mohd Nasir Bin Ali

(Appointed on 17 August 2022)

Shariah Members:

Assoc. Prof. Dr. Siti Salwani Razali

Dr. Muhammad Najib Bin Abdullah

Dr. Mohamad Sabri Zakaria

Encik Ahmad Lutfi Bin Abdull Mutalip @ Talib

Total

Company							Subsidiaries				Group
Salary	Fees	Bonus	Defined contribution plan	Other emoluments	Benefits -in-kinds	Total	Fees	Other emoluments	Benefits -in-kinds	Total	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1,560	1	1,126	484	-	106	3,277	86	45	-	131	3,408
1,560	1	1,126	484	-	106	3,277	86	45	-	131	3,408
-	168	-	-	40	33	241	-	-	-	-	241
-	45	-	-	11	5	61	33	6	-	39	100
-	110	-	-	27	2	139	25	21	-	46	185
-	135	-	-	48	17	200	80	37	12	129	329
-	173	-	-	67	7	247	-	-	-	-	247
-	130	-	-	41	-	171	-	-	-	-	171
-	20	-	-	14	-	34	118	63	5	186	220
-	51	-	-	13	-	64	130	66	5	201	265
-	832	-	-	261	64	1,157	386	193	22	601	1,758
1,560	833	1,126	484	261	170	4,434	472	238	22	732	5,166
-	10	-	-	6	2	18	10	6	2	18	36
-	10	-	-	6	2	18	10	6	2	18	36
-	13	-	-	8	2	23	13	8	2	23	46
-	10	-	-	6	-	16	10	6	-	16	32
-	43	-	-	26	6	75	43	26	6	75	150
1,560	876	1,126	484	287	176	4,509	515	264	28	807	5,316

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**33. Directors' and Shariah members' remuneration (cont'd.)**

2021	Company						Subsidiaries					Group
	Defined contribution plan			Other emoluments	Benefits -in-kinds	Total	Other emoluments			Benefits -in-kinds	Total	Total
	Salary RM'000	Fees RM'000	Bonus RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive director:												
Dato' Charon Wardini Bin Mokhzani	1,379	-	960	421	600	46	3,406	95	44	-	139	3,545
	1,379	-	960	421	600	46	3,406	95	44	-	139	3,545
Non-executive directors:												
Tan Sri Abdul Rahman Bin Mamat	-	173	-	-	38	44	255	-	-	-	-	255
Datuk Azizan Bin Hj. Abd Rahman	-	173	-	-	55	-	228	130	35	3	168	396
Cik Hasnah Binti Omar	-	110	-	-	21	-	131	28	21	-	49	180
Dato' Kaziah Binti Abd Kadir	-	128	-	-	40	4	172	75	26	4	105	277
Encik Ahmad Lutfi Bin Abdull Mutalip @ Talib	-	166	-	-	54	-	220	-	-	-	-	220
Datuk Yasmin Binti Mahmood	-	94	-	-	23	-	117	-	-	-	-	117
(Appointed on 1 April 2021)	-	844	-	-	231	48	1,123	233	82	7	322	1,445
	1,379	844	960	421	831	94	4,529	328	126	7	461	4,990
Shariah Members:												
Assoc. Prof. Dr. Siti Salwani Razali	-	15	-	-	15	-	30	8	8	-	16	46
(Appointed on 1 April 2021)												
Dr. Muhammad Najib Abdullah	-	10	-	-	10	-	20	5	6	-	11	31
(Appointed on 1 July 2021)	-	9	-	-	11	-	20	5	6	-	11	31
Ustaz Mazrul Shahir Md Zuki	-	25	-	-	23	-	48	13	13	-	26	74
Dr. Mohamad Sabri Zakaria	-	20	-	-	21	-	41	10	12	-	22	63
Encik Ahmad Lutfi Bin Abdull Mutalip @ Talib	-	79	-	-	80	-	159	41	45	-	86	245
Total	1,379	923	960	421	911	94	4,689	369	171	7	547	5,236

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**34. Impairment loss (made)/written back on loans, advances and financing**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
ECL allowances (Note 11 (c)(ii) and Note 22(c))				
- Made	(21,973)	(61,955)	(7,804)	(1,610)
- Written back	19,615	5,898	666	1,457
Bad debts recoveries	106	20	-	-
Recoveries from impaired loans, advances and financing	1,634	617	460	616
	<u>(618)</u>	<u>(55,420)</u>	<u>(6,678)</u>	<u>463</u>

**35. Impairment loss written back on financial investments**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI (net)	95	1,195	-	88
Financial investments at amortised cost	6,822	228	-	-
Recoveries from impaired financial investments	20	4,207	-	-
	<u>6,937</u>	<u>5,630</u>	<u>-</u>	<u>88</u>

**36. Impairment loss (made)/written back on other assets**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Impairment loss made on investment in subsidiaries (Note 13)	-	-	(4,137)	-
ECL allowances				
- Made	-	(1,808)	-	-
- Written back	403	72	3	48
Bad debt recoveries	-	17	-	-
	<u>403</u>	<u>(1,719)</u>	<u>(4,134)</u>	<u>48</u>

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**37. Taxation**

	<b>Group</b>		<b>Company</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>
Income tax expense:				
- Current financial year	21,620	14,731	-	-
- (Over)/under provision in prior financial years	(101)	2,130	-	2,043
	<u>21,519</u>	<u>16,861</u>	<u>-</u>	<u>2,043</u>
Deferred tax expense (Note 17):				
- Origination and reversal of temporary differences	2,091	3,134	665	1,418
- Over provision in prior financial years	(88)	(987)	(790)	(987)
	<u>2,003</u>	<u>2,147</u>	<u>(125)</u>	<u>431</u>
Tax expense for the financial year	<u>23,522</u>	<u>19,008</u>	<u>(125)</u>	<u>2,474</u>

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) before taxation and zakat	101,814	53,630	(12,729)	8,955
Taxation at Malaysian Statutory tax rate of 24%	24,435	12,871	(3,055)	2,149
Expenses not deductible for tax purpose	2,721	6,712	2,114	1,054
Tax deduction on zakat payment	(186)	(380)	-	-
Income not subject to tax	(2,005)	(5,213)	(1,797)	(4,872)
Deferred tax assets not recognised in respect of unutilised tax losses and unabsorbed capital allowances	4,510	3,875	3,403	3,087
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(5,764)	-	-	-
	<u>23,711</u>	<u>17,865</u>	<u>665</u>	<u>1,418</u>
(Over)/under provision in prior years				
- Income tax	(101)	2,130	-	2,043
- Deferred tax	(88)	(987)	(790)	(987)
Tax expense for the financial year	<u>23,522</u>	<u>19,008</u>	<u>(125)</u>	<u>2,474</u>

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**38. Earnings per ordinary share - basic and diluted**

The calculation of basic and diluted earnings per ordinary share is based on the Group's profit after taxation and zakat attributable to shareholders of the Company of RM76,395,000 (2021: RM33,460,000) by the weighted average number of ordinary shares outstanding during the financial year of 480,355,627 (2021: 480,355,627).

**39. Dividends**

**Group and Company**  
**2022**  
**RM'000**

In respect of financial year ended 31 December 2021:

- Single tier final dividend of 20.8 sen per share on 480,355,627 ordinary shares, paid on 6 July 2022	100,000
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**2021**  
**RM'000**

In respect of financial year ended 31 December 2020:

- Single-tier final dividend of 20.8 sen per share on 480,355,627 ordinary shares, paid on 13 July 2021	100,000
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A single tier interim dividend in respect of the current financial year ended 31 December 2022 of 93.7 sen per share on 480,355,627 ordinary shares, amounting to dividends of RM450.0 million have been approved by the Board of Directors on 31 October 2022. On 14 February 2023, Bank Negara Malaysia ("BNM") approved this dividend.

The financial statements for the current financial year ended 31 December 2022 do not reflect this interim dividend. Such dividend, will be accounted for in the financial statements as an appropriation of the retained profits in the next financial year ending 31 December 2023.

**40. Sources and uses of Shariah non-compliance income**

**Group and Company**  
**2022**  
**RM'000**

Undistributed funds as at 1 January	-	35
Uses of funds during the year		
Contribution to institution	-	(35)
Undistributed funds as at 31 December	-	-

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**41. Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<b>2022</b>	<b>Within</b>	<b>More than</b>	
<b>Group</b>	<b>12 months</b>	<b>12 months</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	1,047,569	-	1,047,569
Deposits and placements with licensed banks and other financial insititutions	41,816	3,000	44,816
Financial assets at FVTPL	18,604	84,287	102,891
Financial investments at FVOCI	471,817	1,516,486	1,988,303
Financial investments at amortised cost	320,869	2,176,354	2,497,223
Derivative assets	-	11,778	11,778
Other assets	34,988	118,743	153,731
Loans, advances and financing	1,041,015	781,786	1,822,801
Statutory deposits with Bank Negara Malaysia	-	113,363	113,363
Right-of-use assets	7,712	-	7,712
Investment properties	-	2,361	2,361
Property, plant and equipment	-	2,511	2,511
Intangible assets	-	14,841	14,841
Deferred tax assets	-	23,296	23,296
	<u>2,984,390</u>	<u>4,848,806</u>	<u>7,833,196</u>
Goodwill	-	86,713	86,713
<b>Total assets</b>	<u>2,984,390</u>	<u>4,935,519</u>	<u>7,919,909</u>
<b>Liabilities</b>			
Deposits from customers	4,393,911	-	4,393,911
Deposits and placements of banks and other financial institutions	1,458,966	-	1,458,966
Other liabilities	89,087	71,510	160,597
Borrowings and government grant	28,984	202,260	231,244
Provision for taxation and zakat	1,910	-	1,910
Employee benefits	-	12,687	12,687
Lease liability	7,694	-	7,694
<b>Total liabilities</b>	<u>5,980,552</u>	<u>286,457</u>	<u>6,267,009</u>

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**41. Maturity analysis of assets and liabilities (cont'd.)**

<b>2021</b>	<b>Within</b>	<b>More than</b>	<b>Total</b>
<b>Group</b>	<b>12 months</b>	<b>12 months</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	797,040	-	797,040
Deposits and placements with licensed banks and other financial institutions	144,249	-	144,249
Financial assets at FVTPL	153,976	145,956	299,932
Financial investments at FVOCI	1,181,419	1,380,410	2,561,829
Financial investments at amortised cost	1,245,614	1,098,223	2,343,837
Derivative assets	-	6,878	6,878
Other assets	77,723	66,023	143,746
Loans, advances and financing	982,180	594,802	1,576,982
Statutory deposits with Bank Negara Malaysia	-	107,127	107,127
Right-of-use assets	-	13,328	13,328
Investment properties	-	2,442	2,442
Property, plant and equipment	-	2,799	2,799
Intangible assets	-	12,405	12,405
Deferred tax assets	-	20,598	20,598
	<u>4,582,201</u>	<u>3,450,991</u>	<u>8,033,192</u>
Goodwill	-	86,713	86,713
<b>Total assets</b>	<u>4,582,201</u>	<u>3,537,704</u>	<u>8,119,905</u>
<b>Liabilities</b>			
Deposits from customers	4,854,336	53,510	4,907,846
Deposits and placements of banks and other financial institutions	1,063,034	-	1,063,034
Other liabilities	94,426	66,467	160,893
Borrowings and government grant	26,984	243,245	270,229
Provision for taxation and zakat	1,167	-	1,167
Employee benefits	-	11,590	11,590
Lease liability	-	13,328	13,328
<b>Total liabilities</b>	<u>6,039,947</u>	<u>388,140</u>	<u>6,428,087</u>



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**41. Maturity analysis of assets and liabilities (cont'd.)**

<b>2022</b>	<b>Within</b>	<b>More than</b>	
<b>Company</b>	<b>12 months</b>	<b>12 months</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	568,257	-	568,257
Deposits and placements with licensed banks and other financial insititutions	41,816	-	41,816
Financial assets at FVTPL	18,604	-	18,604
Financial investments at FVOCI	-	138,435	138,435
Other assets	20,141	18,899	39,040
Loans, advances and financing	28,983	42,840	71,823
Investment in subsidiaries	-	594,057	594,057
Property, plant and equipment	-	2,256	2,256
Intangible assets	-	9,182	9,182
Deferred tax assets	-	7,195	7,195
Right-of-use assets and lease receivables	7,530	-	7,530
<b>Total assets</b>	<b>685,331</b>	<b>812,864</b>	<b>1,498,195</b>
<b>Liabilities</b>			
Other liabilities	26,287	42,066	68,353
Borrowings and government grant	28,984	202,260	231,244
Provision for taxation and zakat	652	-	652
Employee benefits	-	9,566	9,566
Lease liability	7,694	-	7,694
<b>Total liabilities</b>	<b>63,617</b>	<b>253,892</b>	<b>317,509</b>

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**41. Maturity analysis of assets and liabilities (cont'd.)**

<b>2021</b>	<b>Within</b>	<b>More than</b>	
<b>Company</b>	<b>12 months</b>	<b>12 months</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	381,258	-	381,258
Deposits and placements with licensed banks and other financial insititutions	138,799	-	138,799
Financial assets at FVTPL	143,797	105,111	248,908
Financial investments at FVOCI	137,904	-	137,904
Other assets	20,417	13,827	34,244
Loans, advances and financing	34,264	53,381	87,645
Investment in subsidiaries	-	598,194	598,194
Property, plant and equipment	-	2,568	2,568
Intangible assets	-	8,875	8,875
Deferred tax assets	-	6,591	6,591
Right-of-use assets and lease receivables	-	13,141	13,141
<b>Total assets</b>	<b>856,439</b>	<b>801,688</b>	<b>1,658,127</b>
<b>Liabilities</b>			
Other liabilities	24,314	45,361	69,675
Borrowings and government grant	26,984	243,245	270,229
Provision for taxation and zakat	431	-	431
Employee benefits	-	8,649	8,649
Lease liability	-	13,328	13,328
<b>Total liabilities</b>	<b>51,729</b>	<b>310,583</b>	<b>362,312</b>

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**42. Segment information**

For management purposes, the Group which is organised into business units based on their products and services, has five reportable operating segments as follows:

(i) Investment banking

Providing investment banking, money lending operation and related financial services.

(ii) Asset management

Managing unit trust funds, providing fund management operations and services to investors and individual customers.

(iii) Development finance

Providing financing, leasing, industrial hire-purchase services, factoring to industries and businesses in Malaysia.

(iv) Investment holding

This reportable segment has been formed by aggregating operating segments engaged in investment holding activities, which are regarded by management to exhibit similar economic characteristics.

(v) Other reportable segments

Other reportable segments comprise operating segments engaged in providing share registry, share issue and consultancy services, mezzanine financing, venture capital, in which management reviews their operating results on an aggregate basis to allocate resources to these operating segments and assesses these segment performance.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are determined at terms mutually agreed between the operating segments.

The Group operates principally in Malaysia and hence, disclosure of information by geographical area is not presented.

The Group does not rely on any major customers who contribute 10% or more of the reportable segments' revenue and hence, disclosure of information about major customers is not presented.

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

<b>Group 2022</b>	<b>Investment banking RM'000</b>	<b>Asset management RM'000</b>	<b>Development finance RM'000</b>	<b>Investment holding RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Note</b>	<b>Total RM'000</b>
<b>Revenue</b>								
External customers	324,684	2,157	71,366	6,154	17,780	-		422,141
Inter-segment	2,134	710	-	42,543	138	(45,525)	(i)	-
Total revenue	<u>326,818</u>	<u>2,867</u>	<u>71,366</u>	<u>48,697</u>	<u>17,918</u>	<u>(45,525)</u>		<u>422,141</u>
<b>Results</b>								
Interest income	80,460	252	5,547	8,529	15,549	(138)		110,199
Interest expense	(40,134)	(13)	(3,320)	(422)	(4)	199		(43,694)
Net income from Islamic banking operations	90,316	-	64,574	-	-	(2,000)		152,890
Non-interest income	46,491	2,888	1,245	40,268	908	(40,941)		50,859
Staff costs	(52,633)	(4,479)	(21,762)	(46,575)	(1,405)	126		(126,728)
Depreciation and amortisation	(3,547)	(303)	(2,820)	(8,048)	(1,526)	2,435		(13,809)
Other operating expenses	(27,899)	(3,324)	(18,357)	(20,769)	9,431	26,293		(34,625)
ECL (made)/written back on:								
- loans, advances and financing	(4,310)	-	(6,652)	(25)	10,369	-		(618)
- financial investment instruments	6,937	-	-	-	-	-		6,937
- other assets	400	-	3	(4,137)	-	4,137		403
Taxation	(23,757)	57	(211)	335	54	-		(23,522)
Zakat	(1,250)	-	(652)	-	-	-		(1,902)
Segment profit/(loss)	<u>71,074</u>	<u>(4,922)</u>	<u>17,595</u>	<u>(30,844)</u>	<u>33,376</u>	<u>(9,889)</u>		<u>76,390</u>
<b>Assets and liabilities</b>								
Additions to non-current assets	3,821	448	5,026	1,860	22	(879)	(ii)	10,298
Segment assets	<u>6,884,220</u>	<u>15,270</u>	<u>409,998</u>	<u>1,191,188</u>	<u>166,166</u>	<u>(746,933)</u>	(iii)	<u>7,919,909</u>
Segment liabilities	<u>5,951,287</u>	<u>3,888</u>	<u>392,459</u>	<u>28,075</u>	<u>4,207</u>	<u>(112,907)</u>	(iv)	<u>6,267,009</u>

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

<b>Group 2021</b>	<b>Investment banking RM'000</b>	<b>Asset management RM'000</b>	<b>Development finance RM'000</b>	<b>Investment holding RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Note</b>	<b>Total RM'000</b>
<b>Revenue</b>								
External customers	302,777	5,136	56,225	15,592	(6,999)	-		372,731
Inter-segment	1,180	748	-	41,843	-	(43,771)	(i)	-
Total revenue	<u>303,957</u>	<u>5,884</u>	<u>56,225</u>	<u>57,435</u>	<u>(6,999)</u>	<u>(43,771)</u>		<u>372,731</u>
<b>Results</b>								
Interest income	69,342	252	4,899	8,538	3,226	-		86,257
Interest expense	(28,125)	(23)	(3,558)	(733)	(7)	347		(32,099)
Net income from Islamic banking operations	115,399	-	52,486	-	-	-		167,885
Non-interest income	34,659	5,905	(818)	48,147	(1,568)	(50,693)		35,632
Staff costs	(43,193)	(3,964)	(19,150)	(35,206)	(963)	-		(102,476)
Depreciation and amortisation	(3,155)	(326)	(2,460)	(6,655)	(272)	1,107		(11,761)
Other operating expenses	(26,256)	(2,961)	(15,868)	(21,308)	(1,189)	29,283		(38,299)
Expected credit loss (made)/written back on:								
- loans, advances and financing	(55,641)	-	463	-	(242)	-		(55,420)
- financial investment instruments	4,854	-	-	88	688	-		5,630
- other assets	(1,767)	-	48	-	-	-		(1,719)
Taxation	(16,468)	(84)	(846)	(1,631)	21	-		(19,008)
Zakat	(736)	-	(431)	-	-	-		(1,167)
Segment profit/(loss)	<u>48,913</u>	<u>(1,201)</u>	<u>14,765</u>	<u>(8,760)</u>	<u>(306)</u>	<u>(19,956)</u>		<u>33,455</u>
<b>Assets and liabilities</b>								
Additions to non-current assets	4,046	898	3,142	10,105	128	(2,492)	(ii)	15,827
Segment assets	<u>6,951,689</u>	<u>15,977</u>	<u>343,890</u>	<u>1,316,133</u>	<u>247,431</u>	<u>(755,215)</u>	(iii)	<u>8,119,905</u>
Segment liabilities	<u>6,076,358</u>	<u>2,674</u>	<u>332,135</u>	<u>34,844</u>	<u>3,205</u>	<u>(21,129)</u>	(iv)	<u>6,428,087</u>

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

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) All additions to non-current assets are related to property, plant and equipment, intangible assets and right-of-use assets.
- (iii) The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	23,296	20,598
Tax recoverable	48,208	36,741
Goodwill	86,713	86,713
Inter-segment assets	(905,150)	(899,267)
	<u>(746,933)</u>	<u>(755,215)</u>

- (iv) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Provision for taxation and zakat	1,910	1,167
Inter-segment liabilities	(114,817)	(22,296)
	<u>(112,907)</u>	<u>(21,129)</u>

**43. Capital commitments**

Capital expenditures pertaining to the Group and the Company approved by Directors but not provided for in the financial statements are as follows:

	<b>Group</b>		<b>Company</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>
Approved but not contracted for	<u>65,040</u>	<u>27,889</u>	<u>34,036</u>	<u>15,871</u>

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**44. Related party disclosures**

**(a) Significant related party transactions and balances**

For the purposes of these financial statements, parties are considered to be related to the Group or to the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes all the Directors, Chief Executive Officers and Heads of Business Units of the Group and of the Company.

The following significant transactions between the Group and related parties took place at terms mutually agreed between the parties during the financial year.

	<b>Group</b>		<b>Company</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>Immediate holding company</b>				
Income:				
Interest income on financial instruments	4,741	4,635	-	-
Brokerage fees earned	737	705	-	-
Fee Income	250	219	-	-
Expenditures:				
Rental expense	235	311	235	311
<b>Subsidiaries</b>				
Income:				
Rental of premises	-	-	-	30
Management fees	-	-	23,561	20,605
Dividend income	-	-	4,550	20,000
Expenditures:				
Management fees	-	-	8,717	8,666
Professional fees	-	-	2,710	2,190

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**44. Related party disclosures (cont'd.)**

**(a) Significant related party transactions and balances (cont'd.)**

	<b>Group</b>		<b>Company</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>Other related companies</b>				
Income:				
Interest income on				
- loans, advances				
and financing	4,147	3,706	-	-
Brokerage fees earned	876	1,778	-	-
Fee income	320	317	-	-
Expenditures:				
Interest expense				
on deposits	465	11,287	-	-

In addition to the related party information disclosed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Company with their related parties are as follows:

	<b>Group</b>		<b>Company</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>Immediate holding company</b>				
Amount due from:				
Financial investments	100,000	100,000	-	-
Sundry deposit received	1,579	1,861	1,579	1,861



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**44. Related party disclosures (cont'd.)**

**(a) Significant related party transactions and balances (cont'd.)**

	<b>Group</b>		<b>Company</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>Subsidiaries</b>				
Amount due from:				
Trade receivables	-	-	6,460	10,650
Amount due to:				
Rental deposit	-	-	649	649
<b>Associate</b>				
Amount due from:				
Trade receivables	-	-	1	-
<b>Other related companies</b>				
Amount due from:				
Sundry deposits	-	553	-	-
Loans, advances and financing	100,000	86,928	-	-
Amount due to:				
Deposits from customers	99,766	243,152	-	-
Deposits from placements of banks and other financial institutions	27,307	19,925	-	-
Other payables	183	239	-	-

Other related companies include companies within the YPB Group and companies related to the Directors of the Group and of the Company.

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**44. Related party disclosures (cont'd.)**

**(b) Compensation of key management personnel**

The key management personnel compensation is as follows:

	<b>Group</b>		<b>Company</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>
Short-term employee benefits	26,382	23,946	13,193	12,900
Defined contribution plan	3,070	3,431	1,958	1,919
Defined benefit plans	73	78	-	-
	<u>29,525</u>	<u>27,455</u>	<u>15,151</u>	<u>14,819</u>

Included in the above are Directors' remuneration amounting to RM4,698,561 (2021: RM5,513,000) and RM3,277,098 (2021: RM3,406,000) for the Group and the Company respectively.

**45. Financial risk management policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, equity price risk and liquidity risk.

The Board of Directors recognises that all areas of the Group's business involve some degree of risk and is committed to ensure that an effective risk management process is in place to manage those risks. The Company has established a Group Risk Management Policy and Methodology to identify, assess and monitor the key financial risks of the Group.

The Risk Management Committee ("RMC") is responsible to review the key financial risks of the Group and to monitor the implementation of risk management strategies for those risks. The RMC is supported by the Group Risk Management Division ("GRM") whose primary objective is to facilitate the assessment of the key financial risks of the Group as well as to ensure that the recommendations of risk management strategies to mitigate the impact of those risks are implemented.

Other objectives of the GRM include promoting the practice of a strong risk management culture across the Group, optimising the sharing of risk information across the Group and preparing the Group to deal with uncertainties and thus ensure continuity of operations. Group Control Assurance Services also evaluates and contributes to the effectiveness of Risk Management in the Group.

The exposure to key financial risks as mentioned above and its risk management policies have been throughout the current and previous financial year.

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**45. Financial risk management policies (cont'd.)**

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned key financial risks and the objectives, policies and processes for the management of these risks.

The carrying amounts of financial instruments by categories are as follows:

	<b>Group</b>		<b>Company</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 assets at FVTPL	114,669	306,810	18,604	248,908
Financial investments at FVOCI	1,988,303	2,561,829	138,435	137,904
Financial investments at amortised cost	5,630,449	5,074,133	703,922	630,725
Financial liabilities at amortised cost	6,177,461	6,366,586	263,321	311,467

**(a) Credit risk**

Credit risk is the risk that the Group and the Company will incur a loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Credit risk is monitored by the credit risk department of the Group's and the Company's independent Credit Risk Management Unit. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk unit's roles and responsibilities are as follows:

- Develops, reviews and maintains the credit risk management policies;
- Recommends, review and articulate risk limits;
- Performs independent credit review i.e. reviews all credit proposals and periodic review of all credit review papers (excluding impaired and remedial assets) to provide independent assessments on risks identification and mitigations in order to assist the approving authorities to make informed decisions and to minimize potential losses due to credit defaults; and
- Individual and Portfolio Credits Limit Monitoring;
  - (i) Monitors the compliance of limits through the implementation of a systematic reporting which provide the platform to alert the Management/Board on any breaches that must be responded and addressed by the respective departments; and
  - (ii) Recommends control measures to mitigate credit risk during monitoring of the limits.

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

The Group and the Company actively use collateral to reduce its credit risk. The Group and the Company have established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group and the Company to assess the potential loss as a result of the risks to which it is exposed to and take corrective action plans.

**(i) Impairment assessment**

Definition of default and cure

The default definition adopted by the Group and the Company are as follows:

- Where the principal or interest/profit or both of the financing is past due for more than 90 days or 3 calendar months;
- When the financing is classified as rescheduled / restructured in CCRIS;
- Cross default on other credit obligations within the Group;
- Where the outstanding amount has been in excess of the approved limit for 90 days or 3 calendar months or less and the financing exhibits weaknesses;
- Where repayments are scheduled on intervals of 3 months or longer, the financing is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness;
- Receiver and manager appointed;
- Material fraud with investigation report;
- Company classified under PN4 and/or PN17/ GN3; and
- Internal rating on defaulted grade.

Financial instrument is consider as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

**(ii) Internal rating and PD estimation process**

The Group's and the Company's independent Credit Risk Department operates its internal rating models. For financial investments, the Group and the Bank adopt the external rating from External Credit Assessment Institutions, namely RAM Rating Services Bhd ("RAM") and Malaysian Rating Corporation Bhd ("MARC") to measure the credit quality of the counterparty, while the internal rating system is used as a benchmarking. For loans, advances and financing and financial investments not rated by RAM and MARC, the Group and the Company use the internal rating system to measure the credit quality of the assets. The internal credit rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's and the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

<b>Internal credit risk rating</b>	<b>Quad Matrix Credit Rating ("QMCR")</b>	<b>Broad Risk Category</b>
1 - Superior	1 - Green	Superior
2 - Very Strong		
3 - Strong	2 - Yellow	Strong
4 - Good		
5 - Satisfactory	3 - Orange	Satisfactory
6 - Acceptable	4 - Red	Acceptable
7 - Weak	5 - Dark Red	Weak
8 - Unacceptable		
9 - Impaired	6 - Impaired	Impaired

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

**(ii) Internal rating and PD estimation process (cont'd.)**

The Group and the Company has insufficient historical default data to develop its own PD. Due to the unavailability of the data, publicly available peer group experience is being used as a proxy for Observed Default Rate ("ODR") for loans, advances and financing. For financial investments, default rates from RAM's Default Study: Corporate Default and Rating Transition is being used as a proxy. Analysis is performed to observe the correlation between the logit of ODR and range of shortlisted Macroeconomic Factors ("MEF") obtained from the Bank's Research Department. From the analysis, where any MEF are correlated and intuitive relationship exist, regression analysis will be performed. Selection of MEF is based on results from correlation test. Predicted PDs (Point in Time ("PiT") PD) are then developed based on the forecast of selected MEF. The PiT PD is applied as the 12-month PD for Stage 1 accounts.

The table below shows the credit quality of gross exposure to credit risk based on the Group's and the Company's internal credit rating system and classification of ECL stages.

Financial investments at FVOCI

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>31 December 2022</b>			
Superior	1,491,618	-	1,491,618
Strong	354,696	-	354,696
Acceptable	140,489	-	140,489
Weak	-	14,194	14,194
	<u>1,986,803</u>	<u>14,194</u>	<u>2,000,997</u>
<b>31 December 2021</b>			
Superior	1,708,688	-	1,708,688
Strong	604,952	-	604,952
Acceptable	244,220	-	244,220
Weak	-	59,808	59,808
	<u>2,557,860</u>	<u>59,808</u>	<u>2,617,668</u>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(ii) Internal rating and PD estimation process (cont'd.)

Financial investments at FVOCI (cont'd.)

<b>Company</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>
<b>31 December 2022</b>		
Weak	-	(2)
<b>31 December 2021</b>		
Weak	-	(2)

Financial investments at amortised cost

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>31 December 2022</b>				
Superior	1,750,501	-	-	1,750,501
Strong	650,142	-	-	650,142
Acceptable	50,029	-	-	50,029
Weak	-	-	49,811	49,811
	<u>2,450,672</u>	<u>-</u>	<u>49,811</u>	<u>2,500,483</u>
<b>31 December 2021</b>				
Superior	1,648,447	-	-	1,648,447
Strong	505,254	129,874	-	635,128
Acceptable	20,000	-	-	20,000
Weak	-	-	50,327	50,327
	<u>2,173,701</u>	<u>129,874</u>	<u>50,327</u>	<u>2,353,902</u>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(ii) Internal rating and PD estimation process (cont'd.)

Loans, advances and financing

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>2022</b>				
Superior	40,693	-	-	40,693
Strong	560,793	1,125	-	561,918
Satisfactory	508,536	-	-	508,536
Acceptable	478,528	1,196	-	479,724
Weak	-	28,795	-	28,795
Impaired	-	-	384,094	384,094
	<u>1,588,550</u>	<u>31,116</u>	<u>384,094</u>	<u>2,003,760</u>
<b>2021</b>				
Superior	49,713	-	-	49,713
Strong	238,097	6,281	-	244,378
Satisfactory	585,381	8,173	-	593,554
Acceptable	450,892	60,655	-	511,547
Weak	3,616	13,354	-	16,970
Impaired	-	-	350,042	350,042
	<u>1,327,699</u>	<u>88,463</u>	<u>350,042</u>	<u>1,766,204</u>

No ECL allowance was provided for margin account as the existing mechanism (monitoring, margin call, force selling) caters for any potential shortfall and full provision is made immediately for any shortfall of collateral compared to loans, advances and financing balance on daily basis.



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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(ii) Internal rating and PD estimation process (cont'd.)

Loans, advances and financing (cont'd.)

<b>Company</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>2022</b>				
Superior	8,718	-	-	8,718
Strong	9,027	1,126	-	10,154
Satisfactory	2,166	-	-	2,166
Acceptable	-	1,196	-	1,196
Weak	-	28,795	-	28,795
Impaired	-	-	60,956	60,956
	<b>19,911</b>	<b>31,117</b>	<b>60,956</b>	<b>111,985</b>
<b>2021</b>				
Superior	18,918	-	-	18,918
Strong	11,913	1,367	-	13,280
Satisfactory	10,342	1,344	-	11,686
Weak	3,616	13,354	-	16,970
Impaired	-	-	60,558	60,558
	<b>44,789</b>	<b>16,065</b>	<b>60,558</b>	<b>121,412</b>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risks (cont'd.)**

**(iii) Exposure at default ("EAD")**

The exposure at default represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loans, advances and financing, the Group and the Company assess the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Group and the Company determine EADs by modeling the range of possible exposure outcomes at various points in time, corresponding to the multiple scenarios.

**(iv) Loss given default**

The Group and the Company have insufficient historical recovery rate to develop their own LGD. Due to the unavailability of the data, publicly available peer group experience is being used as a proxy for recovery rate for loans, advances and financing. For financial investments, recovery rates based on the type of bond from Moody's Annual Default Study: Corporate Default and Recovery Rates is being used as a proxy. Analysis is performed to observe the correlation between the logit of recovery rates and range of shortlisted MEF obtained from the Bank's Research Department. From the analysis, where any MEF is correlated and intuitive relationship exist, regression analysis will be performed. Selection of MEF is based on results from the correlation test. Predicted LGDs (Point in Time ("PiT") LGD) are then developed based on the forecast of selected MEF. The PiT LGD is applied as the 12-month LGD for Stage 1 accounts.

**(v) Significant increase in credit risk**

The Group and the Company continuously monitor all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or life time ECL, the Group and the Company assess whether there has been a significant increase in credit risk since initial recognition. The Group and the Company consider an exposure to have significantly increased in credit risk when the risk rating is downgraded either internally or externally. Regardless of the change in credit grades, if coupon payment are past due, the credit risk is deemed to have increased significantly since initial recognition. When estimating ECLs on a collective basis for a group of similar assets, the Group and the Company apply the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risks (cont'd.)**

- (vi) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements

The Group's and Company's concentrations of credit risk are managed by counterparty and by economic sector.

The following table shows the maximum exposure to credit risk (without taking into account of any collateral held or other credit enhancements) for each class of financial assets, including derivatives with positive fair values, by economic sector. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to counterparties.

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(vi) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements (cont'd.)

<b>Group 2022</b>	<b>Manufacturing RM'000</b>	<b>Real estate RM'000</b>	<b>Wholesale and retail trade and restaurants and hotels RM'000</b>	<b>Transport, storage and communi- cations RM'000</b>	<b>Finance, insurance and business services RM'000</b>	<b>Government and Central Bank RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>								
Cash and short-term funds	-	-	-	-	1,047,569	-	-	1,047,569
Deposits and placements with licensed banks and other financial institutions	-	-	-	-	44,816	-	-	44,816
Financial assets at FVTPL								
Unquoted instruments	-	-	-	-	51,866	-	-	51,866
Financial investments at FVOCI								
Money market instruments	-	-	-	-	-	1,372,282	-	1,372,282
Unquoted instruments	14,196	-	-	-	335,083	-	286,202	635,481
Financial investments at amortised cost								
Money market instruments	-	-	-	-	-	853,238	-	853,238
Unquoted instruments	49,811	-	-	-	880,596	-	716,838	1,647,245
Loans, advances and financing								
Term loans	90,279	18,409	47,648	12,485	499,267	-	524,905	1,192,993
Margin accounts	-	-	-	-	231,841	-	578,926	810,767
Others	-	-	-	-	-	-	643	643
Derivative assets	-	-	-	-	11,778	-	-	11,778
Other financial assets	-	-	-	-	114,158	-	205,207	319,365
	<b>154,286</b>	<b>18,409</b>	<b>47,648</b>	<b>12,485</b>	<b>3,216,974</b>	<b>2,225,520</b>	<b>2,312,721</b>	<b>7,988,043</b>
<b>Commitments and contingencies</b>								
Other commitments	12,300	-	9,270	1,286	48,896	-	457,705	529,457
	<b>12,300</b>	<b>-</b>	<b>9,270</b>	<b>1,286</b>	<b>48,896</b>	<b>-</b>	<b>457,705</b>	<b>529,457</b>
	<b>166,586</b>	<b>18,409</b>	<b>56,918</b>	<b>13,771</b>	<b>3,265,870</b>	<b>2,225,520</b>	<b>2,770,426</b>	<b>8,517,500</b>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(vi) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements (cont'd.)

<b>Group 2021</b>	<b>Manufacturing RM'000</b>	<b>Real estate RM'000</b>	<b>Wholesale and retail trade and restaurants and hotels RM'000</b>	<b>Transport, storage and communi- cations RM'000</b>	<b>Finance, insurance and business services RM'000</b>	<b>Government and Central Bank RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Cash and short-term funds	-	-	-	-	797,040	-	-	797,040
Deposits and placements with licensed banks and other financial institutions	-	-	-	-	144,249	-	-	144,249
Financial assets at FVTPL								
Money market instruments	-	-	-	-	52,038	-	-	52,038
Unquoted instruments	-	-	-	32,137	185,512	-	-	217,649
Financial investments at FVOCI								
Money market instruments	-	-	-	-	249,363	1,671,456	-	1,920,819
Unquoted instruments	14,196	-	-	-	335,344	-	354,075	703,615
Financial investments at amortised cost								
Money market instruments	-	-	-	-	-	513,211	-	513,211
Unquoted instruments	49,843	-	-	-	825,312	-	965,536	1,840,691
Loans, advances and financing								
Term loans	74,096	18,707	48,658	15,203	674,767	-	349,344	1,180,775
Margin accounts	-	-	-	-	209,525	-	375,904	585,429
Others	-	-	-	-	-	-	734	734
Derivative assets	-	-	-	-	6,878	-	-	6,878
Other financial assets	-	-	-	-	118,298	-	196,884	315,182
	<b>138,135</b>	<b>18,707</b>	<b>48,658</b>	<b>47,340</b>	<b>3,598,326</b>	<b>2,184,667</b>	<b>2,242,477</b>	<b>8,278,310</b>
<b>Commitments and contingencies</b>								
Other commitments	33,825	-	9,270	1,286	173,479	-	481,416	699,276
	<b>33,825</b>	<b>-</b>	<b>9,270</b>	<b>1,286</b>	<b>173,479</b>	<b>-</b>	<b>481,416</b>	<b>699,276</b>
	<b>171,960</b>	<b>18,707</b>	<b>57,928</b>	<b>48,626</b>	<b>3,771,805</b>	<b>2,184,667</b>	<b>2,723,893</b>	<b>8,977,586</b>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(vi) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements (cont'd.)

<b>Company 2022</b>	<b>Manufacturing RM'000</b>	<b>Real estate RM'000</b>	<b>Wholesale and retail trade and restaurants and hotels RM'000</b>	<b>Transport, storage and communi- cations RM'000</b>	<b>Finance, insurance and business services RM'000</b>	<b>Government and Central Bank RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>								
Cash and short-term funds	-	-	-	-	568,257	-	-	568,257
Deposits and placements with licensed banks and other financial institutions	-	-	-	-	41,816	-	-	41,816
Financial assets at FVTPL								
Unquoted instruments	-	-	-	-	18,604	-	-	18,604
Financial investments at FVOCI								
Unquoted instruments	-	-	-	-	6,766	-	-	6,766
Loans, advances and financing								
Term loans	36,543	-	47,648	12,485	10,429	-	4,880	111,985
Others	-	-	-	-	-	-	431	431
Other financial assets	-	-	-	-	-	-	22,030	22,030
	<u>36,543</u>	<u>-</u>	<u>47,648</u>	<u>12,485</u>	<u>645,872</u>	<u>-</u>	<u>27,341</u>	<u>769,889</u>
<b>Commitments and contingencies</b>								
Other commitments	-	-	9,270	1,286	3	-	(1,721)	8,838
	<u>-</u>	<u>-</u>	<u>9,270</u>	<u>1,286</u>	<u>3</u>	<u>-</u>	<u>(1,721)</u>	<u>8,838</u>
	<u>36,543</u>	<u>-</u>	<u>56,918</u>	<u>13,771</u>	<u>645,875</u>	<u>-</u>	<u>25,620</u>	<u>778,727</u>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(vi) Risk concentrations: maximum exposure to credit risk without taking into account of any collateral and other credit enhancements (cont'd.)

<b>Company 2021</b>	<b>Manufacturing RM'000</b>	<b>Real estate RM'000</b>	<b>Wholesale and retail trade and restaurants and hotels RM'000</b>	<b>Transport, storage and communi- cations RM'000</b>	<b>Finance, insurance and business services RM'000</b>	<b>Government and Central Bank RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>								
Cash and short-term funds	-	-	-	-	381,258	-	-	381,258
Deposits and placements with licensed banks and other financial institutions	-	-	-	-	138,799	-	-	138,799
Financial assets at FVTPL								
Money market instruments	-	-	-	-	52,038	-	-	52,038
Unquoted instruments	-	-	-	32,137	164,733	-	-	196,870
Financial assets at FVOCI	-	-	-	-				
Unquoted instruments					6,766	-	-	6,766
Loans, advances and financing								
Term loans	39,945	-	48,658	15,203	11,741	-	5,865	121,412
Others	-	-	-	-	-	-	423	423
Other financial assets	-	-	-	-	-	-	23,030	23,030
	<u>39,945</u>	<u>-</u>	<u>48,658</u>	<u>47,340</u>	<u>755,335</u>	<u>-</u>	<u>29,318</u>	<u>920,596</u>
<b>Commitments and contingencies</b>								
Other commitments	-	-	9,270	1,286	3	-	2,006	12,565
	<u>-</u>	<u>-</u>	<u>9,270</u>	<u>1,286</u>	<u>3</u>	<u>-</u>	<u>2,006</u>	<u>12,565</u>
	<u>39,945</u>	<u>-</u>	<u>57,928</u>	<u>48,626</u>	<u>755,338</u>	<u>-</u>	<u>31,324</u>	<u>933,161</u>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(vii) Credit quality by class of financial assets

The credit quality of financial assets is managed by the Group and the Company using internal credit ratings. The table below shows the credit quality by class of financial assets exposed to credit risk, based on the Group's and the Company's internal credit ratings. The amounts are presented gross of ECL allowances.

<b>Group 2022</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Cash and short-term funds	1,047,569	-	-	1,047,569
Deposits and placements with licensed banks and other financial institutions	44,816	-	-	44,816
Financial assets at FVTPL				
Unquoted instruments	51,866	-	-	51,866
Financial investments at at FVOCI				
Money market instruments	1,372,282	-	-	1,372,282
Unquoted instruments	614,519	-	20,962	635,481
Financial investments at amortised cost				
Money market instruments	853,238	-	-	853,238
Unquoted instruments	1,597,434	-	49,811	1,647,245
Loans, advances and financing				
Term loans	811,138	3,946	377,909	1,192,993
Margin accounts	810,767	-	-	810,767
Others	624	-	19	643
Derivative assets	11,778	-	-	11,778
Other financial assets	220,678	-	98,687	319,365
	<b>7,436,709</b>	<b>3,946</b>	<b>547,388</b>	<b>7,988,043</b>



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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(vii) Credit quality by class of financial assets (cont'd.)

<b>Group 2021</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Cash and short-term funds	797,040	-	-	797,040
Deposits and placements with licensed banks and other financial institutions	144,249	-	-	144,249
Financial assets at FVTPL				
Money market instruments	52,038	-	-	52,038
Unquoted instruments	217,649	-	-	217,649
Financial investments at at FVOCI				
Money market instruments	1,920,819	-	-	1,920,819
Unquoted instruments	637,039	-	66,576	703,615
Financial investments at amortised cost				
Money market instruments	513,211	-	-	513,211
Unquoted instruments	1,660,490	129,874	50,327	1,840,691
Loans, advances and financing				
Term loans	771,423	60,485	348,867	1,180,775
Margin accounts	569,237	16,192	-	585,429
Others	715	-	19	734
Derivative assets	6,878	-	-	6,878
Other financial assets	215,514	-	99,668	315,182
	<u>7,454,264</u>	<u>206,551</u>	<u>565,457</u>	<u>8,226,272</u>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(vii) Credit quality by class of financial assets (cont'd.)

<b>Company 2022</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Cash and short-term funds	568,257	-	-	568,257
Deposits and placements with licensed banks and other financial institutions	41,816	-	-	41,816
Financial assets at FVTPL Unquoted instruments	18,604	-	-	18,604
Financial investments at FVOCI Unquoted instruments	-	-	6,766	6,766
Loans, advances and financing Term loans	53,250	3,946	54,789	111,985
Others	431	-	-	431
Other financial assets	22,030	-	-	22,030
	<b>704,388</b>	<b>3,946</b>	<b>61,555</b>	<b>769,889</b>
<b>2021</b>				
<b>Financial assets</b>				
Cash and short-term funds	381,258	-	-	381,258
Deposits and placements with licensed banks and other financial institutions	138,799	-	-	138,799
Financial assets at FVTPL Money market instruments	52,038	-	-	52,038
Unquoted instruments	196,870	-	-	196,870
Financial investments at FVOCI Unquoted instruments	-	-	6,766	6,766
Loans, advances and financing Term loans	57,733	4,278	59,401	121,412
Others	423	-	-	423
Other financial assets	23,030	-	-	23,030
	<b>850,151</b>	<b>4,278</b>	<b>66,167</b>	<b>920,596</b>

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**45. Financial risk management policies (cont'd.)**

**(a) Credit risk (cont'd.)**

(viii) Collateral and other credit enhancements

The main types of collateral or other credit enhancements held by the Group and the Company to mitigate credit risk are fixed deposits, securities, commercial and residential properties, machineries, motor vehicles and trade receivables.

As at 31 December 2022, the financial effects of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing for the Group and the Company are at 59% (2021: 52%) and 64% (2021: 59%), respectively. The financial effect of collateral held for other financial assets is not significant.

- (ix) There were no financial assets that would otherwise be past due or impaired whose terms have been renegotiated in the current and prior financial years.

**(b) Interest rate risk**

Interest rate risk is the exposure of the Group's and the Company's interest rate-sensitive assets and interest rate-sensitive liabilities/borrowings to movements in interest rates.

It is the Group's and the Company's policy to contain interest rate risks within prudent levels. The Group has procedures to regularly review the impact of interest rates on the financial position of the Group so that appropriate action is taken to mitigate the risks.

With respect to the investment bank subsidiary, the management of these risks are the responsibility of the subsidiary's Asset and Liability Management Committee ("ALCO"). The ALCO regularly reviews and monitors the composition of the subsidiary's interest rate-sensitive assets and liabilities taking into consideration the interest rate outlook and its impact on the subsidiary's financial position.

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**45. Financial risk management policies (cont'd.)**

**(b) Interest rate risk (cont'd.)**

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before taxation and equity.

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on profit or loss for the year, based on the floating loans, advances and financing and fixed rate FVTPL securities as at the reporting date. The sensitivity of equity is calculated by revaluing fixed rate FVOCI securities as at the reporting date for the effects of the assumed changes in interest rates. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

	<b>Group</b>		<b>Company</b>	
	<b>Sensitivity of profit before taxation - Increase/ (decrease) RM'000</b>	<b>Sensitivity of equity - Increase/ (decrease) RM'000</b>	<b>Sensitivity of profit before taxation - Increase/ (decrease) RM'000</b>	<b>Sensitivity of equity - Increase/ (decrease) RM'000</b>
<b>2022</b>				
Change in basis points				
+ 25	1,991	(9,783)	101	-
- 25	(1,991)	9,783	(101)	-
<b>2021</b>				
Change in basis points				
+ 25	2,462	(11,807)	547	-
- 25	(2,462)	11,807	(547)	-

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**45. Financial risk management policies (cont'd.)**

**(b) Interest rate risk (cont'd.)**

The Group and the Company are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following table indicates the effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group 2022	<----- Non-trading book ----->					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000				
Assets									
Cash and short-term funds	990,180	-	-	-	-	57,389	-	1,047,569	2.63
Deposits and placements with licensed banks and other financial institutions	-	41,816	3,000	-	-	-	-	44,816	2.61
Financial investments at FVOCI	-	5,007	466,810	1,430,050	84,936	-	-	1,986,803	3.94
Financial investments at amortised cost	-	114,701	159,206	1,753,264	423,090	46,962	-	2,497,223	4.28
Derivative assets	-	-	-	-	-	-	11,778	11,778	-
Loans, advances and financing									
- Non-impaired	232,410	580,908	146,713	522,528	137,749	(7,992)*	-	1,612,316	2.89
- Impaired	-	-	-	-	-	210,485	-	210,485	-
Other financial assets	-	-	-	-	-	218,040	-	218,040	-
Total assets	1,222,590	742,432	775,729	3,705,842	645,775	524,884	11,778	7,629,030	

\* ECL allowances (stage 1 and stage 2)

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**45. Financial risk management policies (cont'd.)**

**(b) Interest rate risk (cont'd.)**

Group 2022	<----- Non-trading book ----->					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000				
Liabilities									
Deposits from customers	2,480,042	724,100	1,122,879	-	-	66,890	-	4,393,911	3.50
Deposits and placements of banks and other financial institutions	1,244,450	154,679	4,263	-	-	55,574	-	1,458,966	3.14
Borrowings	-	-	-	-	208,997	-	-	208,997	2.75
Other financial liabilities	-	-	-	-	-	115,587	-	115,587	-
Total liabilities	3,724,492	878,779	1,127,142	-	208,997	238,051	-	6,177,461	
Shareholders' funds	-	-	-	-	-	1,652,660	-	1,652,660	
Non-controlling interests	-	-	-	-	-	240	-	240	
	3,724,492	878,779	1,127,142	-	208,997	1,890,951	-	7,830,361	
On-balance sheet interest sensitivity gap	(2,501,902)	(136,347)	(351,413)	3,705,842	436,778	(1,366,067)	11,778		
Total interest sensitivity gap	(2,501,902)	(136,347)	(351,413)	3,705,842	436,778	(1,366,067)	11,778		

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**45. Financial risk management policies (cont'd.)**

**(b) Interest rate risk (cont'd.)**

Group 2021	<----- Non-trading book ----->					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000				
Assets									
Cash and short-term funds	741,080	-	-	-	-	55,960	-	797,040	3.25
Deposits and placements with licensed banks and other financial institutions	200	109,694	34,355	-	-	-	-	144,249	3.25
Financial assets at FVTPL	-	-	-	-	-	-	229,637	229,637	4.01
Financial investments at FVOCI	214,921	299,591	664,436	1,281,668	97,244	-	-	2,557,860	2.27
Financial investments at amortised cost	25,001	127,449	1,049,970	817,179	281,044	43,194	-	2,343,837	4.35
Loans, advances and financing									
- Non-impaired	101,755	587,615	298,134	213,157	217,514	(19,055)*	-	1,399,120	2.92
- Impaired	-	-	-	-	-	177,862	-	177,862	
Other financial assets	-	-	-	-	-	212,025	-	212,025	
Total assets	1,082,957	1,124,349	2,046,895	2,312,004	595,802	469,986	229,637	7,861,630	

\* ECL allowances (stage 1 and stage 2)

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**45. Financial risk management policies (cont'd.)**

**(b) Interest rate risk (cont'd.)**

Group 2021	<----- Non-trading book ----->					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000				
Liabilities									
Deposits from customers	2,915,827	871,006	1,055,338	53,510	-	12,165	-	4,907,846	2.10
Deposits and placements of banks and other financial institutions	917,157	96,679	30,108	-	-	19,090	-	1,063,034	1.95
Borrowings	-	-	-	-	247,247	-	-	247,247	2.75
Other financial liabilities	-	-	-	-	-	151,057	-	151,057	
Total liabilities	3,832,984	967,685	1,085,446	53,510	247,247	182,312	-	6,369,184	
Shareholders' funds	-	-	-	-	-	1,691,573	-	1,691,573	
Non-controlling interests	-	-	-	-	-	245	-	245	
	3,832,984	967,685	1,085,446	53,510	247,247	1,874,130	-	8,061,002	
On-balance sheet interest sensitivity gap	(2,750,027)	153,172	937,957	2,128,136	508,495	(1,404,143)	236,515		
Total interest sensitivity gap	(2,750,027)	153,172	937,957	2,128,136	508,495	(1,404,143)	236,515		



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**45. Financial risk management policies (cont'd.)**

**(b) Interest rate risk (cont'd.)**

Company 2022	<----- Non-trading book ----->					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000				
Assets									
Cash and short-term funds	553,480	-	-	-	-	14,777	-	568,257	2.48
Deposits and placements with licensed banks and other financial institutions	-	41,816	-	-	-	-	-	41,816	2.60
Financial investments at FVOCI	-	-	-	-	-	2	-	2	-
Loans, advances and financing									
- Non-impaired	651	46	1,669	21,578	27,516	(3,880)*	-	47,580	2.89
- Impaired	-	-	-	-	-	24,243	-	24,243	-
Other financial assets	-	-	-	-	-	22,026	-	22,026	
Total assets	554,131	41,862	1,669	21,578	27,516	57,168	-	703,924	

\* ECL allowances (stage 1 and stage 2)

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45. Financial risk management policies (cont'd.)

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

Company 2022	<----- Non-trading book ----->					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000				
<b>Liabilities</b>									
Borrowings	-	-	-	-	208,997	-	-	208,997	2.75
Other financial liabilities	-	-	-	-	-	54,324	-	54,324	-
Total liabilities	-	-	-	-	208,997	54,324	-	263,321	
Shareholders' funds	-	-	-	-	-	1,180,686	-	1,180,686	
	-	-	-	-	208,997	1,235,010	-	1,444,007	
On-balance sheet interest sensitivity gap	554,131	41,862	1,669	21,578	(181,481)	(1,177,842)	-		
Total interest sensitivity gap	554,131	41,862	1,669	21,578	(181,481)	(1,177,842)	-		

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**45. Financial risk management policies (cont'd.)**

**(b) Interest rate risk (cont'd.)**

	<----- Non-trading book ----->								
Company	Up to 1 month	>1 - 3 months	>3 - 12 months	1 to 5 years	>5 years	Non-interest sensitive	Trading book	Total	Effective interest rate
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short-term funds	377,880	-	-	-	-	3,378	-	381,258	3.25
Deposits and placements with licensed banks and other financial institutions	-	108,944	29,855	-	-	-	-	138,799	3.25
Financial assets at FVTPL	-	-	-	-	-	-	229,637	229,637	4.01
Financial investments at FVOCI	-	-	-	-	-	2	-	2	-
Loans, advances and financing									
- Non-impaired	-	95	2,094	19,026	41,342	(7,128) *	-	55,429	2.92
- Impaired	-	-	-	-	-	32,216	-	32,216	-
Other financial assets	-	-	-	-	-	23,023	-	23,023	
Total assets	377,880	109,039	31,949	19,026	41,342	51,491	229,637	860,364	

\* ECL allowances (stage 1 and stage 2)

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45. Financial risk management policies (cont'd.)

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

Company 2021	<----- Non-trading book ----->					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000				
<b>Liabilities</b>									
Borrowings	-	-	-	-	247,247	-	-	247,247	2.75
Other financial liabilities	-	-	-	-	-	66,818	-	66,818	
Total liabilities	-	-	-	-	247,247	66,818	-	314,065	
Shareholders' funds	-	-	-	-	-	1,295,815	-	1,295,815	-
	-	-	-	-	247,247	1,362,633	-	1,609,880	
On-balance sheet interest sensitivity gap	377,880	105,547	8,457	(111,332)	(45,965)	(1,311,142)	229,637		
Total interest sensitivity gap	377,880	105,547	8,457	(111,332)	(45,965)	(1,311,142)	229,637		

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**45. Financial risk management policies (cont'd.)**

**(c) Operational risk**

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Group and the Company have established appropriate policies and procedures with the objective to minimise losses arising from operational risks. Policies and procedures are based on the principles of dual control, segregation of duties, independent checks and verification process, empowerment through a defined authority structure and limits as well as maintaining back-up procedures for key activities, and the need for contingency planning.

**(d) Liquidity risk**

Liquidity or cash flow risk is the exposure to loss as a result of the Group's and the Company's inability to generate and maintain sufficient cash flow to fund daily operations and to meet financial obligations to depositors, borrowers and clients in a timely and cost-effective manner.

It is also the Group's and the Company's policy to maintain sufficient liquidity and cash flow to fund daily operations and to meet its obligations to depositors, borrowers and clients. Cash flows are analysed to ascertain any funding shortfall and measures are taken to address the liquidity gap. All fund raising exercises are reviewed and approved by the respective Board of Directors.

With respect to the investment bank subsidiary, liquidity risks are being managed by the subsidiary's ALCO. The ALCO reviews and monitors the liquidity position using "Bank Negara Malaysia's Liquidity Framework for Investment Banking" that is based on the behavioural cash flows of assets, liabilities and off balance sheet commitments.

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**45. Financial risk management policies (cont'd.)**

**(d) Liquidity risk (cont'd.)**

The table below summarises the maturity profile of the carrying amount of the Group's and the Company's assets and liabilities based on remaining contractual maturity.

<b>Group 2022</b>	<b>On demand RM'000</b>	<b>Under 1 month RM'000</b>	<b>&gt;1 - 3 months RM'000</b>	<b>&gt;3 - 12 months RM'000</b>	<b>1 to 5 years RM'000</b>	<b>&gt;5 years RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
Cash and short-term funds	57,389	990,180	-	-	-	-	1,047,569
Deposits and placements with licensed banks and other financial institutions	-	-	41,816	3,000	-	-	44,816
Financial assets at FVTPL	51,866	-	-	-	-	-	51,866
Financial investments at FVOCI	2	-	5,007	466,810	1,430,050	84,934	1,986,803
Financial investments at amortised cost	46,962	-	114,701	159,206	1,753,264	423,090	2,497,223
Loans, advances and financing	79,629	232,361	580,907	145,572	649,145	135,187	1,822,801
Derivative assets	-	-	-	-	11,778	-	11,778
Other financial assets	2,156	38,268	5,785	19,372	33,802	118,657	218,040
<b>Total assets</b>	<b>238,004</b>	<b>1,260,809</b>	<b>748,216</b>	<b>793,960</b>	<b>3,878,039</b>	<b>761,868</b>	<b>7,680,896</b>
<b>Liabilities</b>							
Deposits from customers	66,890	2,480,042	724,100	1,122,879	-	-	4,393,911
Deposits and placements of banks and other financial institutions	217,574	1,082,450	154,679	4,263	-	-	1,458,966
Borrowings	-	-	3,492	20,805	66,012	118,688	208,997
Other financial liabilities	4,240	53,456	12,747	16,007	29,137	-	115,587
<b>Total liabilities</b>	<b>288,704</b>	<b>3,615,948</b>	<b>895,018</b>	<b>1,163,954</b>	<b>95,149</b>	<b>118,688</b>	<b>6,177,461</b>
<b>Net maturity mismatch</b>	<b>(50,700)</b>	<b>(2,355,139)</b>	<b>(146,802)</b>	<b>(369,994)</b>	<b>3,782,890</b>	<b>643,180</b>	<b>1,503,435</b>

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**45. Financial risk management policies (cont'd.)**

**(d) Liquidity risk (cont'd.)**

<b>Group 2021</b>	<b>On demand RM'000</b>	<b>Under 1 month RM'000</b>	<b>&gt;1 - 3 months RM'000</b>	<b>&gt;3 - 12 months RM'000</b>	<b>1 to 5 years RM'000</b>	<b>&gt;5 years RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
Cash and short-term funds	55,961	741,079	-	-	-	-	797,040
Deposits and placements with licensed banks and other financial institutions	-	200	109,694	34,355	-	-	144,249
Financial assets at FVTPL	104,959	-	34,900	24,718	-	105,110	269,687
Financial investments at FVOCI	2	214,921	299,591	664,436	1,281,668	97,242	2,557,860
Financial investments at amortised cost	43,194	25,001	127,449	1,049,970	817,179	281,044	2,343,837
Loans, advances and financing	52,653	102,958	535,914	290,627	471,687	123,143	1,576,982
Derivative assets	-	-	-	-	6,878	-	6,878
Other financial assets	1,083	46,292	18,791	21,785	15,836	108,238	212,025
<b>Total assets</b>	<b>257,852</b>	<b>1,130,451</b>	<b>1,126,339</b>	<b>2,085,891</b>	<b>2,593,248</b>	<b>714,777</b>	<b>7,908,558</b>
<b>Liabilities</b>							
Deposits from customers	12,165	2,915,828	871,005	1,055,338	53,510	-	4,907,846
Deposits and placements of banks and other financial institutions	19,090	917,157	96,679	30,108	-	-	1,063,034
Borrowings	-	-	3,492	9,241	154,191	80,323	247,247
Other financial liabilities	11,790	64,199	14,094	13,331	47,643	-	151,057
<b>Total liabilities</b>	<b>43,045</b>	<b>3,897,184</b>	<b>985,270</b>	<b>1,108,018</b>	<b>255,344</b>	<b>80,323</b>	<b>6,369,184</b>
<b>Net maturity mismatch</b>	<b>214,807</b>	<b>(2,766,733)</b>	<b>141,069</b>	<b>977,873</b>	<b>2,337,904</b>	<b>634,454</b>	<b>1,539,374</b>

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45. Financial risk management policies (cont'd.)

(d) Liquidity risk (cont'd.)

Company 2022	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	Total RM'000
<b>Assets</b>							
Cash and short-term funds	14,777	553,480	-	-	-	-	568,257
Deposits and placements with licensed banks and other financial institutions	-	-	41,816	-	-	-	41,816
Financial assets at FVTPL	18,604	-	-	-	-	-	18,604
Financial investments at FVOCI	2	-	-	-	-	-	2
Loans, advances and financing	24,243	602	45	1,551	19,958	25,424	71,823
Other financial assets	6,460	-	1,055	12,001	2,510	-	22,026
Total assets	64,086	554,082	42,916	13,552	22,468	25,424	722,528
<b>Liabilities</b>							
Borrowings	-	-	3,492	20,805	66,012	118,688	208,997
Other financial liabilities	-	7,749	7,975	10,563	28,037	-	54,324
Total liabilities	-	7,749	11,467	31,368	94,049	118,688	263,321
<b>Net maturity mismatch</b>	64,086	546,333	31,449	(17,816)	(71,581)	(93,264)	459,207



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**45. Financial risk management policies (cont'd.)**

**(d) Liquidity risk (cont'd.)**

<b>Company 2021</b>	<b>On demand RM'000</b>	<b>Under 1 month RM'000</b>	<b>&gt;1 - 3 months RM'000</b>	<b>&gt;3 - 12 months RM'000</b>	<b>1 to 5 years RM'000</b>	<b>&gt;5 years RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
Cash and short-term funds	3,379	377,879	-	-	-	-	381,258
Deposits and placements with licensed banks and other financial institutions	-	-	108,944	29,855	-	-	138,799
Financial assets at FVTPL	84,180	-	34,900	24,718	-	105,110	248,908
Financial investments at FVOCI	2	-	-	-	-	-	2
Loans, advances and financing	32,216	-	89	1,959	17,801	35,580	87,645
Other financial assets	10,650	-	1,730	6,293	4,350	-	23,023
<b>Total assets</b>	<b>130,427</b>	<b>377,879</b>	<b>145,663</b>	<b>62,825</b>	<b>22,151</b>	<b>140,690</b>	<b>879,635</b>
<b>Liabilities</b>							
Borrowings	-	-	3,492	9,241	154,191	80,323	247,247
Other financial liabilities	-	9,751	8,499	5,763	42,805	-	66,818
<b>Total liabilities</b>	<b>-</b>	<b>9,751</b>	<b>11,991</b>	<b>15,004</b>	<b>196,996</b>	<b>80,323</b>	<b>314,065</b>
<b>Net maturity mismatch</b>	<b>130,427</b>	<b>368,128</b>	<b>133,672</b>	<b>47,821</b>	<b>(174,845)</b>	<b>60,367</b>	<b>565,570</b>

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group and the Company expect that many customers will not request repayments on the earliest date the Group and the Company could be required to pay and the table does not reflect the expected cash flows indicated by the Group's and the Company's deposit retention history.

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**45. Financial risk management policies (cont'd.)**

**(d) Liquidity risk (cont'd.)**

The following table shows the contractual undiscounted cash flow payable for financial liabilities, including unrecognised firm commitments, by remaining contractual maturity. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The financial liabilities in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

<b>Group 2022</b>	<b>On demand RM'000</b>	<b>Under 1 month RM'000</b>	<b>&gt;1 - 3 months RM'000</b>	<b>&gt;3 - 12 months RM'000</b>	<b>1 to 5 years RM'000</b>	<b>&gt;5 years RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>							
Deposits from customers	68,392	2,482,986	728,815	1,138,410	-	-	4,418,603
Deposits and placements of banks and other financial institutions	218,867	1,083,715	155,606	4,298	-	-	1,462,486
Borrowings	-	-	3,492	25,492	78,922	123,337	231,243
Other financial liabilities	8,230	53,456	13,380	17,928	31,334	-	124,328
	<u>295,489</u>	<u>3,620,157</u>	<u>901,293</u>	<u>1,186,128</u>	<u>110,256</u>	<u>123,337</u>	<u>6,236,660</u>
<b>Unrecognised firm commitments</b>							
Other commitments	525,038	-	-	-	-	-	525,038
	<u>525,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>525,038</u>
<b>Total financial liabilities</b>	<u>820,527</u>	<u>3,620,157</u>	<u>901,293</u>	<u>1,186,128</u>	<u>110,256</u>	<u>123,337</u>	<u>6,761,698</u>

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**45. Financial risk management policies (cont'd.)**

**(d) Liquidity risk (cont'd.)**

<b>Group 2021</b>	<b>On demand RM'000</b>	<b>Under 1 month RM'000</b>	<b>&gt;1 - 3 months RM'000</b>	<b>&gt;3 - 12 months RM'000</b>	<b>1 to 5 years RM'000</b>	<b>&gt;5 years RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>							
Deposits from customers	12,297	2,917,738	874,119	1,067,178	54,809	-	4,926,141
Deposits and placements of banks and other financial institutions	19,280	917,579	96,999	30,513	-	-	1,064,371
Borrowings	-	-	3,492	15,492	170,922	80,322	270,229
Other financial liabilities	11,790	65,658	13,050	16,695	45,566	-	152,759
	43,367	3,900,975	987,660	1,129,878	271,297	80,322	6,413,500
<b>Unrecognised firm commitments</b>							
Other commitments	717,107	-	-	-	-	-	717,107
	717,107	-	-	-	-	-	717,107
<b>Total financial liabilities</b>	<b>760,474</b>	<b>3,900,975</b>	<b>987,660</b>	<b>1,129,878</b>	<b>271,297</b>	<b>80,322</b>	<b>7,130,607</b>

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45. Financial risk management policies (cont'd.)

(d) Liquidity risk (cont'd.)

Company 2022	On demand RM'000	Under 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 to 5 years RM'000	>5 years RM'000	Total RM'000
<b>Non-derivative financial liabilities</b>							
Borrowings	-	-	3,492	25,492	78,922	123,337	231,243
Other financial liabilities	-	7,749	7,975	10,785	28,037	-	54,546
	-	7,749	11,467	36,277	106,959	123,337	285,789
<b>Unrecognised firm commitments</b>							
Other commitments	4,419	-	-	-	-	-	4,419
	4,419	-	-	-	-	-	4,419
Total financial liabilities	4,419	7,749	11,467	36,277	106,959	123,337	290,208
<b>Company 2021</b>	<b>On demand RM'000</b>	<b>Under 1 month RM'000</b>	<b>&gt;1 - 3 months RM'000</b>	<b>&gt;3 - 12 months RM'000</b>	<b>1 to 5 years RM'000</b>	<b>&gt;5 years RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>							
Borrowings	-	-	3,492	15,492	170,922	80,322	270,229
Other financial liabilities	-	9,751	8,499	5,763	45,309	-	69,322
	-	9,751	11,991	21,255	216,231	80,322	339,551
<b>Unrecognised firm commitments</b>							
Other commitments	6,283	-	-	-	-	-	6,283
	6,283	-	-	-	-	-	6,283
Total financial liabilities	6,283	9,751	11,991	21,255	216,231	80,322	345,834

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**46. Credit exposures arising from credit transactions with connected parties**

The credit exposures in respect of the investment bank subsidiary are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Outstanding credit exposures with connected parties	225,871	228,616
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	4.86%	4.38%
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	Nil	Nil

**47. Capital management**

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investors, creditors/fund providers and market confidence and to sustain future development of the business.

The review of capital requirements for the Group and the Company is based on the following requirements and consideration:

- (a) Minimum statutory capital requirements pursuant to the prescriptive capital framework issued by Bank Negara Malaysia, the Securities Commission of Malaysia and/or other regulatory authorities;
- (b) Capital efficiency measured by the Return of Equity ("ROE") ratio; and
- (c) Funding requirements for business operations.

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios in the Basel II and III Framework established by the Basel Committee on Banking Supervision and adopted by Bank Negara Malaysia in supervising the Company.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

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**47. Capital management (cont'd.)**

	<b>Group</b>		<b>Company</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><u>Tier 1 Capital</u></b>				
<b>Common Equity Tier 1 ("CET1")</b>				
<b>Capital</b>				
Ordinary shares	879,931	879,931	879,931	879,931
Regulatory reserve	34,491	18,485	-	-
FVOCI reserve	(28,227)	(13,073)	(54,567)	(52,919)
Retained profits	766,465	806,230	355,322	468,803
	<u>1,652,660</u>	<u>1,691,573</u>	<u>1,180,686</u>	<u>1,295,815</u>
Less: Regulatory adjustments	(174,601)	(163,111)	(625,694)	(638,570)
<b>Total CET1 Capital/</b>				
<b>Tier 1 Capital</b>	<u>1,478,059</u>	<u>1,528,462</u>	<u>554,992</u>	<u>657,245</u>
<b><u>Tier 2 Capital</u></b>				
Loss provision and regulatory reserve	39,179	34,455	3,880	5,043
<b>Total Tier 2 capital</b>	<u>39,179</u>	<u>34,455</u>	<u>3,880</u>	<u>5,043</u>
<b>Total Capital</b>	<u>1,517,238</u>	<u>1,562,917</u>	<u>558,872</u>	<u>662,288</u>

(i) The capital adequacy ratio of the Group and of the Company are as follows:

**Before deducting dividend payment:**

CET 1 Capital	38.577%	44.603%	90.800%	95.160%
Tier 1 Capital	38.577%	44.603%	90.800%	95.160%
Total Capital	39.599%	45.609%	91.434%	95.891%

**After deducting dividend payment:**

CET 1 Capital	26.832%	41.685%	17.177%	80.682%
Tier 1 Capital	26.832%	41.685%	17.177%	80.682%
Total Capital	27.855%	42.690%	17.812%	81.412%

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**47. Capital management (cont'd.)**

- (ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	<b>Group</b>		<b>Company</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>
Total risk-weighted assets for credit risk	3,134,343	2,756,380	402,530	403,449
Total risk-weighted assets equivalent for market risk	168,956	203,036	37,208	113,929
Total risk-weighted assets equivalent for operational risk	528,171	467,394	171,490	173,292
	<u>3,831,470</u>	<u>3,426,810</u>	<u>611,228</u>	<u>690,670</u>

- (iii) Capital allocation

BNM via its letter dated 23 September 2014 approved MIDF to carry out its Development Financing business as an approved business under MIDF being a Financial Holding Company. This approval is subject to such capital allocation for credit risks emanating from Development Finance Business being covered by shareholders' funds of Development Finance Division ("DFD"). As at 31 December 2022 and 2021, the shareholders' funds of the DFD are sufficient to meet the capital allocation as prescribed by BNM.

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**48. Fair value measurement**

**(i) Fair values of recognised financial instruments**

Set out below is a comparison by class of the carrying amounts and fair value of the financial instruments of the Group and of the Company other than those with carrying amounts which are reasonable approximations of fair value:

	2022		2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Group</b>				
<b>Financial assets</b>				
Financial investments at amortised cost	2,497,223	2,526,655	2,343,837	2,324,751
Loans, advances and financing*				
- Hire purchase	6,869	5,628	8,765	7,825
- Staff loans	643	470	734	599
<b>Financial liability</b>				
Borrowings	208,997	184,797	247,247	207,612
<b>Company</b>				
	2022		2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial assets</b>				
Loans, advances and financing*				
- Hire purchase	6,869	5,628	8,765	7,825
- Staff loans	431	312	423	379
<b>Financial liability</b>				
Borrowings	208,997	184,797	247,247	207,612

\* Excludes loans, advances and financing with carrying amounts approximating fair value

The carrying amounts of other financial assets and financial liabilities approximate their fair values due to the relatively short-term nature of these financial instruments.



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

**(ii) Determination of fair value**

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities as disclosed in Note 48(iii):

**(a) Financial assets at FVTPL, financial investments at FVOCI and financial investments at amortised cost**

Fair value of financial assets/instruments that are actively traded is derived from quoted bid prices. For non-actively traded securities, the fair value is determined based on quotes from independent dealers or using valuation techniques such as the discounted cash flow or price-earning ratio methods.

Where discounted cash flow method is used, the estimated future cash flows shall include projections from liquidation, realisation of collateral assets or estimates of future operating cash flows. The estimated future cash flows (excluding future expected credit losses that have not yet been incurred) are discounted using applicable prevailing market or indicative rates of return for a similar instrument at the reporting date.

**(b) Derivative assets/liabilities**

The fair values of derivative instruments are derived using discounted cash flow method.

**(c) Loans, advances and financing**

The fair values of variable rate loans, advances and financing are estimated to approximate their carrying values. For fixed rate loans, advances and financing, the fair values are estimated based on expected future cash flows or contractual installment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles.

In respect of impaired loans, the fair values are deemed to approximate the carrying values which are net of ECL allowances.

**(d) Borrowings**

The fair values of borrowings are derived using discounted cash flow method.

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

**(iii) Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Group 2022</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
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**Assets measured at fair value:**

Financial assets at FVTPL

- Unquoted instruments	-	-	51,025	51,025
- Unit trusts	-	51,866	-	51,866

Financial investments at FVOCI

- Money market instruments	-	1,372,282	-	1,372,282
- Unquoted instruments	-	614,519	1,502	616,021

Derivatives assets

-	11,778	-	11,778
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<b>Group 2021</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
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**Assets measured at fair value:**

Financial assets at FVTPL

- Money market instruments	-	52,038	-	52,038
- Unquoted instruments	-	177,599	30,245	207,844
- Unit trusts	-	40,050	-	40,050

Financial investments at FVOCI

- Money market instruments	-	1,920,819	-	1,920,819
- Unquoted instruments	-	639,508	1,502	641,010

**Liability measured at fair value:**

Derivatives liabilities	-	6,878	-	6,878
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**48. Fair value measurement (cont'd.)**

**(iii) Fair value hierarchy (cont'd.)**

<b>Group 2022</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Assets for which fair values are disclosed:</b>				
Financial investment at amortised cost				
- Money market instruments	-	852,120	-	852,120
- Unquoted instruments	-	1,664,713	9,822	1,674,535
Loans, advances and financing				
- Hire purchase	-	5,628	-	5,628
- Staff loans	-	470	-	470
Investment properties				
- Residential properties	-	-	6,381	6,381
- Office property	-	-	905	905
<b>Liability for which fair values are disclosed:</b>				
Borrowings	-	-	184,797	184,797
<b>Group 2021</b>				
<b>Group 2021</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Assets for which fair values are disclosed:</b>				
Financial investment at amortised cost				
- Money market instruments	-	502,350	-	502,350
- Unquoted instruments	-	1,812,547	9,854	1,822,401
Loans, advances and financing				
- Hire purchase	-	7,825	-	7,825
- Staff loans	-	599	-	599
Investment properties				
Residential properties	-	-	6,397	6,397
Office property	-	-	687	687

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

**(iii) Fair value hierarchy (cont'd.)**

<b>Group 2021</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
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**Liability for which fair values are  
disclosed:**

Borrowings	-	-	207,612	207,612
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<b>Company 2022</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
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**Assets measured at fair value:**

Financial assets at FVTPL				
- Unit trusts	-	18,604	-	18,604

Financial investments at FVOCI				
- Unquoted instruments	-	-	138,435	138,435

**Assets for which fair values are  
disclosed:**

Loans, advances and financing				
- Hire purchase	-	5,628	-	5,628
- Staff loans	-	312	-	312

**Liabilities for which fair values are  
disclosed:**

Borrowings	-	-	184,797	184,797
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<b>Company 2021</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
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**Assets measured at fair value:**

Financial assets at FVTPL				
- Money market instruments	-	52,038	-	52,038
- Unquoted instruments	-	177,599	-	177,599
- Unit trusts	-	19,271	-	19,271

Financial investments at FVOCI				
- Unquoted instruments	-	2,469	135,435	137,904

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

**(iii) Fair value hierarchy (cont'd.)**

<b>Company 2021</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Assets for which fair values are disclosed:</b>				
Loans, advances and financing				
- Hire purchase	-	7,825	-	7,825
- Staff loans	-	379	-	379
<b>Liabilities for which fair values are disclosed:</b>				
Borrowings	-	-	207,612	207,612

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

	<b>Group</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Financial investments at FVOCI</b>		
Unquoted instruments		
At 1 January	1,502	5,285
Revaluation gain	-	1,126
Settlements	-	(4,909)
At 31 December	1,502	1,502
<b>Financial assets at FVTPL</b>		
Unquoted instruments		
At 1 January	30,245	1
Addition	-	30,245
Revaluation gain	20,780	-
Settlements	-	(1)
At 31 December	51,025	30,245

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

**(iii) Fair value hierarchy (cont'd.)**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial investments at FVOCI</b>		
Unquoted securities		
At 1 January	135,435	134,840
Addition	3,000	-
Revaluation gain/ (loss)	-	595
At 31 December	<u>138,435</u>	<u>135,435</u>
<b>Financial assets at FVTPL</b>		
Unquoted securities		
At 1 January	-	1
Settlements	-	(1)
At 31 December	<u>-</u>	<u>-</u>

There was no transfers between Level 2 and Level 3 during the current and previous financial year for the Group and the Company.

Changing one or more of the unobservable inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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**49. Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group	Gross amount of recognised financial assets/ financial liabilities RM'000	Gross amount set off in the statements of financial position RM'000	Net amount presented in the statements of financial position RM'000	Related amount not set off in the statement of financial position		Net amount RM'000
				Amount related to recognised financial instruments RM'000	Amount related to financial collateral RM'000	
<b>2022</b>						
Other assets	173,696	(19,965)	153,731	-	-	153,731
Other liabilities	176,080	(15,483)	160,597	-	-	160,597
Derivative assets	11,778	-	11,778	-	-	11,778
<b>2021</b>						
Other assets	153,265	(9,519)	143,746	-	-	143,746
Other liabilities	161,147	(254)	160,893	-	-	160,893
Derivative liabilities	6,878	-	6,878	-	-	6,878

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The amounts not set off in the statements of financial position relate to transaction where:

- (i) the counterparty has an offsetting exposure with the Group and a master netting or similar arrangements is in place with a right to set off only in the event of default, insolvency or bankruptcy; and
- (ii) cash or securities are received or cash pledged in respect of the transaction described above.

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**50. Islamic banking business**

The state of affairs at 31 December 2022 and results for the financial year ended 31 December 2022 under the Islamic banking business ("SPI") of the Group and of the Company are summarised as follows:

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

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Cash and short-term funds	a	532,335	444,873	88,074	106,701
Deposits and placements with licensed banks and other financial institutions	b	41,700	41,700	41,700	41,700
Financial investments at FVOCI	c	1,682,322	2,300,628	-	-
Financial investments at amortised cost	d	2,189,606	1,990,829	-	-
Financing and advances	e	801,612	728,927	52,012	59,370
Other assets	f	120,134	92,645	70,107	47,928
Deferred tax assets	g	11,450	10,357	1,223	1,293
<b>Total assets</b>		<b>5,379,159</b>	<b>5,609,959</b>	<b>253,116</b>	<b>256,992</b>
<b>Liabilities</b>					
Deposits from customers	h	3,279,209	3,670,375	-	-
Deposits and placements of banks and other financial institutions	i	931,931	831,840	-	-
Borrowings and government grants	j	116,000	148,000	116,000	148,000
Other liabilities	k	204,532	173,287	36,528	33,798
Provision for taxation and zakat		1,902	1,167	652	431
<b>Total liabilities</b>		<b>4,533,574</b>	<b>4,824,669</b>	<b>153,180</b>	<b>182,229</b>
<b>Islamic banking capital funds</b>					
Funds allocated from Head Office		501,600	486,600	75,000	60,000
Reserves		343,985	298,690	24,936	14,763
<b>Total Islamic banking capital funds</b>		<b>845,585</b>	<b>785,290</b>	<b>99,936</b>	<b>74,763</b>
<b>Total liabilities and Islamic banking capital funds</b>		<b>5,379,159</b>	<b>5,609,959</b>	<b>253,116</b>	<b>256,992</b>
<b>Commitments and contingencies</b>					
	v	186,427	366,218	8,838	12,565

The accompanying notes are an integral part of these financial statements.



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**50. Islamic banking business (cont'd.)**

**Statements of profit or loss for the financial year ended 31 December 2022**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income derived from investment of depositors' funds and others	l	230,390	213,345	64,574	52,486
Income derived from Islamic Banking fund	m	34,840	39,673	-	-
ECL allowances (made)/ written back					
- financing and advances	n	(6,654)	(58,973)	(1,610)	(1,446)
- financial investments	o	1,970	3,506	-	-
- other assets	p	743	(1,506)	2	48
Total attributable income		261,289	196,045	62,966	51,088
Income attributable to depositors	q	(110,340)	(85,133)	-	-
Total net income		150,949	110,912	62,966	51,088
Staff costs	r	(3,744)	(2,435)	-	-
Other operating expenses	s	(57,278)	(52,179)	(37,586)	(30,978)
Profit before taxation and zakat		89,927	56,298	25,380	20,110
Taxation	t	(16,132)	(10,732)	(70)	(2,366)
Zakat		(1,902)	(1,168)	(652)	(432)
Profit for the financial year		71,893	44,398	24,658	17,312

The accompanying notes are an integral part of these financial statements.

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**50. Islamic banking business (cont'd.)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial year	71,893	44,398	24,658	17,312
<b>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</b>				
Changes in ECL allowances for financial investments at FVOCI	(85)	(33)	-	-
Net loss on financial investments at FVOCI				
- Cumulative loss transferred to profit or loss upon disposal	(47)	(6,261)	-	-
- Fair value changes	(15,779)	(29,431)	-	-
	(15,911)	(35,725)	-	-
Income tax relating to Stage 3 changes in ECL allowances for financial investments at FVOCI and net gain on financial investments at FVOCI (Note 50 (g))	3,798	8,566	-	-
Other comprehensive loss for the financial year, net of tax	(12,113)	(27,159)	-	-
Total comprehensive income for the financial year	59,780	17,239	24,658	17,312

The accompanying notes are an integral part of these financial statements.

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**50. Islamic banking business (cont'd.)**

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

<b>Group</b>	<b>----- Non-distributable-----</b>			<b>Distributable</b>	<b>Total</b> <b>RM'000</b>
	<b>Islamic banking funds RM'000</b>	<b>Regulatory reserve RM'000</b>	<b>FVOCI reserve RM'000</b>	<b>Retained profits RM'000</b>	
At 1 January 2021	486,600	5,945	12,774	300,926	806,245
Profit for the financial year	-	-	-	44,398	44,398
Other comprehensive loss	-	-	(27,159)	-	(27,159)
Total comprehensive income for the financial year	-	-	(27,159)	44,398	17,239
Transfer to regulatory reserve	-	1,440	-	(1,440)	-
Allocation to Head Office	-	-	-	(18,194)	(18,194)
Dividends	-	-	-	(20,000)	(20,000)
At 31 December 2021	486,600	7,385	(14,385)	305,690	785,290
At 1 January 2022	486,600	7,385	(14,385)	305,690	785,290
Profit for the financial year	-	-	-	71,893	71,893
Other comprehensive loss	-	-	(12,113)	-	(12,113)
Total comprehensive income for the financial year	-	-	(12,113)	71,893	59,780
Additional capital funds	15,000	-	-	-	15,000
Transfer to regulatory reserve	-	12,572	-	(12,572)	-
Allocation to Head Office	-	-	-	(14,485)	(14,485)
At 31 December 2022	501,600	19,957	(26,498)	350,526	845,585

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**50. Islamic banking business (cont'd.)**

**Statements of changes in equity (cont'd.)**  
**For the financial year ended 31 December 2022**

<b>Company</b>	<b>Non</b>	<b>Distributable</b>	
	<b>Distributable</b>	<b>Distributable</b>	
	<b>Islamic</b>	<b>Retained</b>	<b>Total</b>
	<b>banking</b>	<b>profits</b>	
	<b>funds</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2021	60,000	15,645	75,645
Profit for the financial year, representing total comprehensive income for the financial year	-	17,312	17,312
Allocation to Head Office	-	(18,194)	(18,194)
At 31 December 2021	<u>60,000</u>	<u>14,763</u>	<u>74,763</u>
At 1 January 2022	60,000	14,763	74,763
Profit for the financial year, representing total comprehensive income for the financial year	-	24,658	24,658
Allocation to Head Office	-	(14,485)	(14,485)
Additional capital funds	15,000	-	15,000
At 31 December 2022	<u>75,000</u>	<u>24,936</u>	<u>99,936</u>

The accompanying notes are an integral part of these financial statements.

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**50. Islamic banking business (cont'd.)**

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

	<b>Group</b>		<b>Company</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>Cash flows from operating activities</b>				
Profit before taxation and zakat	89,927	56,298	25,380	20,110
Adjustments for:				
Impairment loss (written back)/made				
- financial investments	(1,970)	13	-	-
- financing and advances	6,794	58,997	1,750	1,470
- other assets	(743)	1,506	(2)	(48)
Accretion of discount less amortisation of premium	4,020	15,774	-	-
Net gain on sale of financial assets at FVTPL	(363)	(2,255)	-	-
Net gain on sale of financial investments at FVOCI	(47)	(6,261)	-	-
Net gain on sale of financial investments at amortised cost	(4)	-	-	-
Operating profit before working capital changes	97,614	124,072	27,128	21,532
Changes in working capital:				
Deposits from customers and deposits and placement of banks and other financial institutions	(291,075)	346,515	-	-
Financial investments	401,981	(269,896)	-	-
Other assets	(20,862)	(21)	(16,293)	7,474
Financing and advances	(79,479)	(1,916)	5,608	349
Other liabilities	17,083	5,715	2,730	(13,043)
Cash generated from/(used in) operations	125,262	204,469	19,173	16,312
Tax paid	(5,884)	(9,707)	(5,884)	(8,123)
Zakat paid	(431)	(421)	(431)	(421)
Net cash generated from/(used in) operating activities	118,947	194,341	12,858	7,768

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**50. Islamic banking business (cont'd.)**

**Statements of cash flows for the financial year ended 31 December 2022 (cont'd.)**

	<b>Group</b>		<b>Company</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>Cash flows from financing activities</b>				
Dividend paid	-	(20,000)	-	-
Additional capital funds	15,000	-	15,000	-
Repayment on borrowings	(32,000)	-	(32,000)	-
Net funds allocated to Head Office	(14,485)	(18,194)	(14,485)	(18,194)
Net cash used in financing activities	(31,485)	(38,194)	(31,485)	(18,194)
<b>Net increase/(decrease) in cash and cash equivalents</b>	87,462	156,147	(18,627)	(10,426)
<b>Cash and cash equivalents at 1 January</b>	444,873	288,726	106,701	117,127
<b>Cash and cash equivalents at 31 December</b>	532,335	444,873	88,074	106,701
<b>Cash and cash equivalents comprise:</b>				
Cash and short-term funds	532,335	444,873	88,074	106,701

The accompanying notes are an integral part of these financial statements.

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**50. Islamic banking business (cont'd.)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	25,435	26,373	7,674	7,201
Deposits and placements maturing within one month	506,900	418,500	80,400	99,500
	<u>532,335</u>	<u>444,873</u>	<u>88,074</u>	<u>106,701</u>

**(b) Deposits and placements with licensed banks and other financial institutions**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	<u>41,700</u>	<u>41,700</u>

**(c) Financial investments at FVOCI**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Money market instruments:		
Government Investment Issues	1,221,548	1,222,108
Malaysian Treasury Bills	-	348,770
Islamic negotiable instruments	-	249,362
	<u>1,221,548</u>	<u>1,820,240</u>
Unquoted instruments:		
Corporate sukuk	460,774	480,388
	<u>1,682,322</u>	<u>2,300,628</u>

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**50. Islamic banking business (cont'd.)**

**(c) Financial investments at FVOCI (cont'd.)**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and classification of ECL stages. The amounts presented are gross of ECL allowances.

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>2022</b>			
Superior	1,265,153	-	1,265,153
Strong	276,680	-	276,680
Fair	140,489	-	140,489
Unacceptable	-	8,112	8,112
	<u>1,682,322</u>	<u>8,112</u>	<u>1,690,434</u>
<b>2021</b>			
Superior	1,556,597	-	1,556,597
Strong	520,201	-	520,201
Fair	223,830	-	223,830
Unacceptable	-	8,112	8,112
	<u>2,300,628</u>	<u>8,112</u>	<u>2,308,740</u>

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to FVOCI is as follows:

	<b>Stage 1 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>ECL allowances</b>			
ECL as at 1 January 2021	303	8,112	8,415
Written back (Note 50(o))	(33)	-	(33)
ECL as at 31 December 2021	<u>270</u>	<u>8,112</u>	<u>8,382</u>
ECL as at 1 January 2022	270	8,112	8,382
Written back (Note 50(o))	(85)	-	(85)
ECL as at 31 December 2022	<u>185</u>	<u>8,112</u>	<u>8,297</u>



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**50. Islamic banking business (cont'd.)**

**(d) Financial investments at amortised cost**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Money market instruments:		
Government Investment Issues	733,141	492,701
Unquoted instruments:		
Corporate sukuk	1,456,858	1,500,392
	<u>2,189,999</u>	<u>1,993,093</u>
Less: ECL allowances	(393)	(2,264)
	<u>2,189,606</u>	<u>1,990,829</u>

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and classification of ECL stages. The amounts presented are gross of ECL allowances.

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>2022</b>				
Superior	1,484,840	-	-	1,484,840
Strong	615,141	-	-	615,141
Fair	50,029	-	-	50,029
Unacceptable	-	-	39,989	39,989
	<u>2,150,010</u>	<u>-</u>	<u>39,989</u>	<u>2,189,999</u>
<b>2021</b>				
Superior	1,347,946	-	-	1,347,946
Strong	505,254	99,904	-	605,158
Unacceptable	-	-	39,989	39,989
	<u>1,853,200</u>	<u>99,904</u>	<u>39,989</u>	<u>1,993,093</u>

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**50. Islamic banking business (cont'd.)**

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

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to amortised cost is, as follows:

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
As at 1 January 2021	1,799,974	99,626	39,989	1,939,589
New assets purchased	349,122	-	-	349,122
Assets derecognised or matured (excluding write offs)	(295,896)	-	-	(295,896)
Unwind of discount (recognised in interest income)	-	278	-	278
As at 31 December 2021	<u>1,853,200</u>	<u>99,904</u>	<u>39,989</u>	<u>1,993,093</u>
As at 1 January 2022	1,853,200	99,904	39,989	1,993,093
New assets purchased	645,028	-	-	645,028
Assets derecognised or matured (excluding write offs)	(348,218)	(99,904)	-	(448,122)
As at 31 December 2022	<u>2,150,010</u>	<u>-</u>	<u>39,989</u>	<u>2,189,999</u>

<b>ECL allowances</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2021	341	1,884	2,225
Impairment made (Note 50(o))	39	-	39
ECL as at 31 December 2021	<u>380</u>	<u>1,884</u>	<u>2,264</u>
ECL as at 1 January 2022	380	1,884	2,264
Transfer to Stage 1	14	-	14
Written back	(1)	(1,884)	(1,885)
ECL as at 31 December 2022	<u>393</u>	<u>-</u>	<u>393</u>

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**50. Islamic banking business (cont'd.)**

**(e) Financing and advances**

	<b>Group</b>		<b>Company</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>
Term financing				
- Syndicated term financing	492,928	254,671	-	-
- Islamic hire purchase/leasing	6,802	9,007	6,802	9,007
- Other term financing	397,284	552,815	61,413	65,797
	897,014	816,493	68,215	74,804
Staff financing	23	26	-	-
Less: Unearned income	(7,398)	(8,300)	(7,398)	(8,300)
Gross financing and advances	889,639	808,219	60,817	66,504
Less: ECL allowances	(88,027)	(79,292)	(8,805)	(7,134)
Total net financing and advances	801,612	728,927	52,012	59,370

**(i) By types**

<b>Group</b>	<b>Sale-based contract</b>		<b>Lease-based contract</b>	<b>Total financing and advances</b>
	<b>Commodity Murabahah</b>	<b>Bai Bithaman Ajil</b>	<b>Al-Ijarah Thumma Al-Bai</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2022</b>				
Syndicated term financing	828,799	-	-	828,799
Deferred payment sales	-	54,749	-	54,749
Finance lease	-	-	6,068	6,068
Staff financing	23	-	-	23
	828,822	54,749	6,068	889,639
<b>2021</b>				
Syndicated term financing	741,689	-	-	741,689
Deferred payment sales	-	58,540	-	58,540
Finance lease	-	-	7,964	7,964
Staff financing	26	-	-	26
	741,715	58,540	7,964	808,219

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**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(i) By types (cont'd.)**

<b>Company</b>	<b>Sale-based contract Bai Bithaman Ajil RM'000</b>	<b>Lease- based contract Al-Ijarah Thumma Al-Bai RM'000</b>	<b>Total financing and advances RM'000</b>
<b>2022</b>			
Deferred payment sales	54,749	-	54,749
Finance lease	-	6,068	6,068
	<u>54,749</u>	<u>6,068</u>	<u>60,817</u>
<b>2021</b>			
Deferred payment sales	58,540	-	58,540
Finance lease	-	7,964	7,964
	<u>58,540</u>	<u>7,964</u>	<u>66,504</u>

**(ii) By contract**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Commodity Murabahah	828,799	741,689	-	-
Bai Bithaman Ajil (deferred payment sales)	54,749	58,540	54,749	58,540
Al-Ijarah Thumma Al-Bai (finance lease)	6,068	7,964	6,068	7,964
Staff financing	23	26	-	-
	<u>889,639</u>	<u>808,219</u>	<u>60,817</u>	<u>66,504</u>

**(iii) By types of customer**

Domestic other non-bank financial institutions	44,988	-	-	-
Domestic business enterprises	844,628	808,193	60,817	66,504
Individuals	23	26	-	-
	<u>889,639</u>	<u>808,219</u>	<u>60,817</u>	<u>66,504</u>

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**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(iv) By profit rate sensitivity**

	<b>Group</b>		<b>Company</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>
Variable rate				
- Cost-plus	828,799	741,689	-	-
Fixed rate				
- Al-Ijarah Thumma Al-Bai (finance lease)	6,068	7,964	6,068	7,964
- Bai Bithaman Ajil (deferred payment sales)	54,749	58,540	54,749	58,540
Staff financing	23	26	-	-
	<b>889,639</b>	<b>808,219</b>	<b>60,817</b>	<b>66,504</b>

**(v) By economic sector**

	<b>Group</b>		<b>Company</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>
Mining and quarrying	49,000	56,207	-	-
Manufacturing	54,029	34,630	293	479
Construction	100,355	87,191	-	-
Wholesale & retail trade and restaurants & hotels	45,093	36,911	34,802	35,403
Transport, storage and communications	144,568	13,724	10,936	13,724
Finance, insurance and business services	324,721	445,657	9,844	11,033
Electricity, gas and water supply	70,311	40,248	-	-
Education, health and others	96,597	87,760	-	-
Household	4,965	5,891	4,942	5,865
	<b>889,639</b>	<b>808,219</b>	<b>60,817</b>	<b>66,504</b>

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**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(vi) By residual contractual maturity**

	<b>Group</b>		<b>Company</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>
Within one year	292,379	402,239	14,804	2,980
One year to five years	459,510	282,220	18,497	28,464
After five years	137,750	123,760	27,516	35,060
Gross financing and advances	<u>889,639</u>	<u>808,219</u>	<u>60,817</u>	<u>66,504</u>

**(vii) Impaired financing and advances ("IF")**

**(a) Movements in IFs:**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	90,787	8,685
Impaired	58,888	82,163
Amount recovered	(6,319)	(61)
At 31 December	<u>143,356</u>	<u>90,787</u>
Less: ECL allowances	<u>(80,309)</u>	<u>(63,756)</u>
Net IFs	<u>63,047</u>	<u>27,031</u>
Ratio of net IFs to gross financing and advances less Stage 3 ECL allowances	<u>7.79%</u>	<u>3.63%</u>

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	9,037	8,685
Impaired	3,888	413
Amount recovered	(319)	(61)
At 31 December	<u>12,606</u>	<u>9,037</u>
Less: ECL allowances	<u>(4,945)</u>	<u>(2,443)</u>
Net IFs	<u>7,661</u>	<u>6,594</u>
Ratio of net IFs to gross financing and advances less Stage 3 ECL allowances	<u>13.71%</u>	<u>10.29%</u>

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**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(vii) Impaired financing and advances (cont'd.)**

**(b) IFs by economic sector:**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Mining and quarrying	49,000	-
Manufacturing	195	226
Wholesale & retail trade and restaurants & hotels	5,492	5,190
Transport, storage and communications	3,557	275
Finance, insurance and business services	84,684	84,668
Others	428	428
	<b>143,356</b>	<b>90,787</b>

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing	195	226
Wholesale & retail trade and restaurants & hotels	5,492	5,190
Transport, storage and communications	3,557	275
Finance, insurance and business services	2,934	2,918
Others	428	428
	<b>12,606</b>	<b>9,037</b>

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**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(viii) Movement in ECL allowances**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and classification of ECL stages. The amounts presented are gross of ECL allowances.

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>2022</b>				
Superior	38,139	-	-	38,139
Strong	279,588	1,009	-	280,597
Satisfactory	260,140	1,310	-	261,450
Acceptable	137,527	-	-	137,527
Weak	-	28,547	-	28,547
Impaired	-	-	143,356	143,356
	<u>715,394</u>	<u>30,866</u>	<u>143,356</u>	<u>889,616</u>
<b>2021</b>				
Superior	26,220	-	-	26,220
Strong	171,997	1,330	-	173,327
Satisfactory	319,118	1,277	-	320,395
Acceptable	124,194	56,207	-	180,401
Weak	3,913	13,150	-	17,063
Impaired	-	-	90,787	90,787
	<u>645,442</u>	<u>71,964</u>	<u>90,787</u>	<u>808,193</u>



**Malaysian Industrial Development Finance Berhad**  
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**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(viii) Movement in ECL allowances (cont'd.)**

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and classification of ECL stages. The amounts presented are gross of ECL allowances.

<b>Company</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
<b>2022</b>				
Superior	6,148	-	-	6,148
Strong	9,145	1,009	-	10,154
Satisfactory	2,052	1,310	-	3,362
Weak	-	28,547	-	28,547
Impaired	-	-	12,606	12,606
	<u>17,345</u>	<u>30,866</u>	<u>12,606</u>	<u>60,817</u>
<b>2021</b>				
Superior	15,760	-	-	15,760
Strong	11,660	1,329	-	12,989
Satisfactory	10,378	1,277	-	11,655
Weak	3,912	13,151	-	17,063
Impaired	-	-	9,037	9,037
	<u>41,710</u>	<u>15,757</u>	<u>9,037</u>	<u>66,504</u>

**Malaysian Industrial Development Finance Berhad**  
**(Incorporated in Malaysia)**

**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(viii) Movement in ECL allowances (cont'd.)**

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
Gross carrying amount as at 1 January 2021	795,184	1,410	8,685	805,279
New assets originated	266,025	-	-	266,025
Transfer to Stage 1	811	(811)	-	-
Transfer to Stage 2	(71,921)	71,921	-	-
Transfer to Stage 3	-	(413)	413	-
Assets derecognised or repaid (excluding write offs)	(262,584)	118	(61)	(262,527)
Effects of modifications to contractual cash flows of financial assets	<u>(82,073)</u>	<u>(261)</u>	<u>81,750</u>	<u>(584)</u>
Gross carrying amount as at 31 December 2021	<u>645,442</u>	<u>71,964</u>	<u>90,787</u>	<u>808,193</u>
Gross carrying amount as at 1 January 2022	645,442	71,964	90,787	808,193
New assets originated	308,896	-	-	308,896
Transfer to Stage 1	490	(490)	-	-
Transfer to Stage 2	(18,221)	18,221	-	-
Transfer to Stage 3	(3,888)	(55,000)	58,888	-
Assets derecognised or repaid (excluding write offs)	<u>(217,325)</u>	<u>(3,829)</u>	<u>(6,319)</u>	<u>(227,473)</u>
Gross carrying amount as at 31 December 2022	<u>715,394</u>	<u>30,866</u>	<u>143,356</u>	<u>889,616</u>

**Malaysian Industrial Development Finance Berhad**  
**(Incorporated in Malaysia)**

**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(viii) Movement in ECL allowances (cont'd.)**

<b>Company</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
Gross carrying amount as at 1 January 2021	56,871	1,410	8,685	66,966
Transfer to Stage 1	811	(811)	-	-
Transfer to Stage 2	(15,714)	15,714	-	-
Transfer to Stage 3	-	(413)	413	-
Assets derecognised or repaid (excluding write offs)	65	118	(61)	122
Effects of modifications to contractual cash flows of financial assets	(323)	(261)	-	(584)
Gross carrying amount as at 31 December 2021	<u>41,710</u>	<u>15,757</u>	<u>9,037</u>	<u>66,504</u>
Gross carrying amount as at 1 January 2022	41,710	15,757	9,037	66,504
New assets originated	3,475	-	-	3,475
Transfer to Stage 1	490	(490)	-	-
Transfer to Stage 2	(18,221)	18,221	-	-
Transfer to Stage 3	(3,888)	-	3,888	-
Assets derecognised or repaid (excluding write offs)	(6,221)	(2,622)	(319)	(9,162)
Gross carrying amount as at 31 December 2022	<u>17,345</u>	<u>30,866</u>	<u>12,606</u>	<u>60,817</u>

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**50. Islamic banking business (cont'd.)**

**(e) Financing and advances (cont'd.)**

**(viii) Movement in ECL allowances (cont'd.)**

**ECL allowances**

<b>Group</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Individual RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2021	14,193	2,747	2,357	19,297
Transfer to Stage 1 (note 50 (k)(a))	1,353	(61)	-	1,292
Transfer to Stage 2	(3,930)	3,930	-	-
Transfer to Stage 3	(3,169)	-	3,169	-
Impairment made	2,222	-	58,452	60,674
Written back	(592)	(1,157)	-	(1,749)
Discount unwind	-	-	(222)	(222)
ECL as at 31 December 2021	<u>10,077</u>	<u>5,459</u>	<u>63,756</u>	<u>79,292</u>
ECL as at 1 January 2022	10,077	5,459	63,756	79,292
Transfer to Stage 1 (note 50 (k)(a))	2,327	(4)	-	2,323
Transfer to Stage 2	(1,705)	1,705	-	-
Transfer to Stage 3	(898)	(1,934)	2,832	-
Impairment made	1,985	-	13,839	15,824
Written back	(7,376)	(1,918)	-	(9,294)
Discount unwind	-	-	(118)	(118)
ECL as at 31 December 2022	<u>4,410</u>	<u>3,308</u>	<u>80,309</u>	<u>88,027</u>

**Company**

ECL as at 1 January 2021	673	2,747	2,357	5,777
Transfer to Stage 1 (note 50 (k)(a))	61	(61)	-	-
Transfer to Stage 2	(1,996)	1,996	-	-
Impairment made	2,428	-	308	2,736
Written back	-	(1,157)	-	(1,157)
Discount unwind	-	-	(222)	(222)
ECL as at 31 December 2021	<u>1,166</u>	<u>3,525</u>	<u>2,443</u>	<u>7,134</u>
ECL as at 1 January 2022	1,166	3,525	2,443	7,134
Transfer to Stage 1 (note 50 (k)(a))	4	(4)	-	-
Transfer to Stage 2	(1,705)	1,705	-	-
Transfer to Stage 3	(898)	-	898	-
Impairment made	1,985	-	1,722	3,707
Written back	-	(1,918)	-	(1,918)
Discount unwind	-	-	(118)	(118)
ECL as at 31 December 2022	<u>552</u>	<u>3,308</u>	<u>4,945</u>	<u>8,805</u>

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**50. Islamic banking business (cont'd.)**

**(f) Other assets**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit receivables	39,726	37,092	230	147
Other debtors, deposits and prepayments	5,661	11,280	4,193	1,768
Less: ECL allowances (a)	(1,066)	(3,147)	(4)	(6)
	<u>4,595</u>	<u>8,133</u>	<u>4,189</u>	<u>1,762</u>
Amounts due from brokers and clients (b)	8,309	1,401	-	-
Amounts due from immediate holding company	1,816	-	-	-
Amount due from MITI (SLSSS)	10,421	8,584	10,421	8,584
Amount due from MIDF DFD Conventional	29,248	21,727	29,248	21,727
Amount due from Government Scheme Funds	5,762	522	5,762	522
Tax recoverable	20,257	15,186	20,257	15,186
	<u>120,134</u>	<u>92,645</u>	<u>70,107</u>	<u>47,928</u>

**(a) Other debtors, deposits and prepayments**

**Movement in ECL allowances**

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	3,147	1,641
Impairment made (Note 50(p))	-	1,554
Written back (Note 50(p))	(743)	(48)
Write off	(1,338)	-
At 31 December	<u>1,066</u>	<u>3,147</u>
<b>Company</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	6	54
Written back (Note 50(p))	(2)	(48)
At 31 December	<u>4</u>	<u>6</u>

**(b) Amounts due from brokers and clients**

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Clients	8,309	1,401
	<u>8,309</u>	<u>1,401</u>

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**50. Islamic banking business (cont'd.)**

**(g) Deferred tax**

	<b>Group</b>		<b>Company</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>
At 1 January	10,357	2,817	1,293	1,616
Recognised in profit or loss (Note 50 (t))	(2,705)	(1,026)	(70)	(323)
Recognised in other comprehensive income	3,798	8,566	-	-
At 31 December	<u>11,450</u>	<u>10,357</u>	<u>1,223</u>	<u>1,293</u>

Presented after appropriate offsetting as follows:

	<b>Group</b>		<b>Company</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>
Deferred tax assets	11,450	10,357	1,223	1,293
	<u>11,450</u>	<u>10,357</u>	<u>1,223</u>	<u>1,293</u>

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**50. Islamic banking business (cont'd.)**

**(g) Deferred tax (cont'd.)**

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

<b>Group</b>	<b>Revaluation of FVOCI RM'000</b>	<b>ECL allowances RM'000</b>	<b>Other temporary differences RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	(3,938)	5,791	964	2,817
Recognised in profit or loss	-	(830)	(196)	(1,026)
Recognised in other comprehensive income	8,566	-	-	8,566
At 31 December 2021	4,628	4,961	768	10,357
Recognised in profit or loss	-	(3,133)	428	(2,705)
Recognised in other comprehensive income	3,798	-	-	3,798
At 31 December 2022	8,426	1,828	1,196	11,450

<b>Company</b>	<b>ECL allowances RM'000</b>
At 1 January 2021	1,616
Recognised in profit or loss	(323)
At 31 December 2021	1,293
Recognised in profit or loss	(70)
At 31 December 2022	1,223

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**50. Islamic banking business (cont'd.)**

**(h) Deposits from customers**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposit</b>		
<b>Commodity murabahah fund</b>		
Term deposit	<u>3,279,209</u>	<u>3,670,375</u>

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) By type of customers</b>		
<b>Commodity murabahah fund</b>		
Business enterprises	1,388,711	1,292,372
Government and statutory bodies	1,890,498	2,378,003
	<u>3,279,209</u>	<u>3,670,375</u>

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(iii) Maturity structure of term deposits</b>		
Due within six months	3,196,649	3,281,958
Six months to one year	82,560	334,907
One year to two years	-	53,510
	<u>3,279,209</u>	<u>3,670,375</u>

**(i) Deposits and placements of banks and other financial institutions**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposit</b>		
<b>Commodity murabahah fund</b>		
Term deposits	<u>931,931</u>	<u>831,840</u>



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**50. Islamic banking business (cont'd.)**

**(i) Deposits and placements of banks and other financial institutions (cont'd.)**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) By type of customer</b>		
<b>Commodity murabahah fund</b>		
Other financial institutions	931,931	831,840

**(j) Borrowings and government grants**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Borrowings</b>		
Loan from MITI	93,753	125,018
	<u>93,753</u>	<u>125,018</u>
<b>Government grant</b>		
Loan from MITI	22,247	22,982
<b>Total borrowings and government grant</b>	<u>116,000</u>	<u>148,000</u>

Loan from Soft Loan Scheme for Services Sector ("SLSSS") provided by Ministry of International Trade and Industry ("MITI")

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Borrowing</b>		
At 1 January	125,018	128,019
Repayment	(32,000)	(12,000)
Profit expense*	735	8,999
At 31 December	<u>93,753</u>	<u>125,018</u>
<b>Government grant</b>		
At 1 January	22,982	31,981
Amortisation*	(735)	(8,999)
At 31 December	<u>22,247</u>	<u>22,982</u>
	<u>116,000</u>	<u>148,000</u>

\* Grant income is deducted against the profit expense in profit or loss.

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**50. Islamic banking business (cont'd.)**

**(j) Borrowings and government grants (cont'd)**

The details of the loan from MITI and repayment term has been revised during the year as follows:

- Repayment terms: Five (5) annual installments of RM22,000,000 each and the last installments of RM50,000,000.  
Repayable at the end of nineteen years (including a grace period of 10 years) from the date of first drawdown (31 December 2011).
- Security: Unsecured
- Interest rate: Nil #

The facility of RM200 million is provided to the Group and the Company by MITI under the SLSSS-i scheme and is based on the Shariah financing concept of Al-Qardhul Hassan. The funds are provided for the financing of eligible projects bearing profit rate of 4.0% and 5.0% per annum for SME and non-SME clients respectively. The facility has a tenure of 19 years, including a grace period of 10 years which shall be calculated from the date of first disbursement of the fund. The facility is repayable by 5 annual installments on the first day of the subsequent month after the expiry of the grace period and every succeeding year thereafter.

As at 31 December 2022 and 31 December 2021, the Group and the Company have drawn down RM160 million from the facility.

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**50. Islamic banking business (cont'd.)**

**(k) Other liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit payable	48,345	46,519	34,278	31,849
Sundry creditors and accruals	22,418	18,331	2,176	1,836
Amounts due to brokers and clients	8,293	1,392	-	-
ECL allowances on financing and advances commitments and financial investments commitments (a)	489	1,388	74	113
Amount due to immediate holding company	-	23	-	-
Amount due to head office	124,987	105,634	-	-
	<u>204,532</u>	<u>173,287</u>	<u>36,528</u>	<u>33,798</u>

(a) Movements in the ECL allowances on financing and advances commitments and financial investments commitments are as follows:

<b>Group</b>	<b>Financing and advances commitments RM'000</b>	<b>Financial investments commitments RM'000</b>	<b>Total RM'000</b>
<b>Stage 1 Collective</b>			
At 1 January 2021	2,594	7	2,601
Transfer (Note 50(e)(viii))	(1,292)	-	(1,292)
Impairment made	72	14	86
Written back	-	(7)	(7)
At 31 December 2021	<u>1,374</u>	<u>14</u>	<u>1,388</u>
At 1 January 2022	1,374	14	1,388
Transfer (Note 50(e)(viii))	(2,323)	(14)	(2,337)
Impairment made	1,779	-	1,779
Written back	(341)	-	(341)
At 31 December 2022	<u>489</u>	<u>-</u>	<u>489</u>

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**50. Islamic banking business (cont'd.)**

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

<b>Company</b>	<b>Financing and advances commitments RM'000</b>	<b>Total RM'000</b>
<b>Stage 1 Collective</b>		
At 1 January 2021	222	222
Written back	(109)	(109)
At 31 December 2021	<u>113</u>	<u>113</u>
At 1 January 2022	113	113
Written back	(39)	(39)
At 31 December 2022	<u>74</u>	<u>74</u>

**(l) Income derived from investment of depositors' funds**

<b>Group</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Finance income and hibah</b>		
Financing and advances	28,731	36,910
Money at call and deposit placements with financial institutions	6,498	7,497
Financial assets at FVTPL	-	680
Financial investments at FVOCI		
- Profit on non-impaired instruments	58,350	63,076
Financial investments at amortised cost		
- Profit on non-impaired instruments	78,053	61,820
	<u>171,632</u>	<u>169,983</u>
Accretion of discount less amortisation of premium	(3,619)	(14,197)
Total finance income and hibah	<u>168,013</u>	<u>155,786</u>
<b>Other operating income</b>		
Net gain on sale of financial assets at FVTPL	327	2,030
Net gain on sale of financial investments at FVOCI	42	5,635
Net gain on sale of financial investments at amortised cost	4	-
	<u>373</u>	<u>7,665</u>
<b>Fees and others</b>		
Management fee from Government Scheme Funds	60,672	48,122
Fee income	52	403
Other income	1,280	1,369
	<u>62,004</u>	<u>49,894</u>
	<u>230,390</u>	<u>213,345</u>

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**50. Islamic banking business (cont'd.)**

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

<b>Company</b>	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
<b>Finance income and hibah</b>		
Financing and advances	2,460	2,228
Money at call and deposit placements with financial institutions	110	364
Total finance income and hibah	<u>2,570</u>	<u>2,592</u>
<b>Fees and others</b>		
Management fee from Government Scheme Funds	60,672	48,122
Fee income	52	403
Other income	1,280	1,369
	<u>62,004</u>	<u>49,894</u>
	<u>64,574</u>	<u>52,486</u>

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

	<b>Group</b> <b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
<b>Finance income and hibah</b>		
Financing and advances	2,919	3,853
Money at call and deposit placements with financial institutions	710	793
Financial assets at FVTPL	-	76
Financial investments at FVOCI		
- Profit on non-impaired instruments	6,483	7,008
Financial investments at amortised cost		
- Profit on non-impaired instruments	8,672	6,869
	<u>18,784</u>	<u>18,599</u>
Accretion of discount less amortisation of premium	(401)	(1,577)
Total finance income and hibah	<u>18,383</u>	<u>17,022</u>
<b>Other operating income</b>		
Net gain on sale of financial assets at FVTPL	36	225
Net gain on sale of financial investments at FVOCI	5	626
	<u>41</u>	<u>851</u>
<b>Fees and others</b>		
Fee income	16,296	21,652
Other income	120	148
	<u>16,416</u>	<u>21,800</u>
	<u>34,840</u>	<u>39,673</u>

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**50. Islamic banking business (cont'd.)**

**(n) ECL allowances (made)/written back on financing and advances**

	<b>Group</b>		<b>Company</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>
ECL allowances				
- Made	(17,603)	(60,746)	(3,707)	(2,627)
- Written back	9,635	1,749	1,957	1,157
Recoveries from impaired financing and advances	1,174	-	-	-
Bad debts recovered	140	24	140	24
	<u>(6,654)</u>	<u>(58,973)</u>	<u>(1,610)</u>	<u>(1,446)</u>

**(o) ECL allowance written back/(made) on financial investments**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial investments at FVOCI	85	33
Financial investments at amortised cost	1,885	(46)
Recoveries from impaired financial investments	-	3,519
	<u>1,970</u>	<u>3,506</u>

**(p) ECL allowances written back/(made) on other assets**

	<b>Group</b>		<b>Company</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>
ECL allowances written back/ (made) on:				
Other debtors, deposits and prepayments	743	(1,506)	2	48
	<u>743</u>	<u>(1,506)</u>	<u>2</u>	<u>48</u>

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**50. Islamic banking business (cont'd.)**

**(q) Income attributable to depositors**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Commodity murabahah fund</b>		
Deposits from customers	88,118	79,393
Deposits and placements of banks and other financial institutions	22,222	5,740
	<u>110,340</u>	<u>85,133</u>

**(r) Staff costs**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Wages, salaries and bonuses	2,997	1,894
Social security costs	13	11
Defined contributions plan	489	372
Other staff related expenses	245	158
	<u>3,744</u>	<u>2,435</u>

**(s) Other operating expenses**

	<b>Group</b>		<b>Company</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>
Establishment costs	784	997	-	-
Marketing expenses	(36)	173	-	-
Management fees	37,507	30,917	37,507	30,917
Administrative and general expenses	19,023	20,092	79	61
	<u>57,278</u>	<u>52,179</u>	<u>37,586</u>	<u>30,978</u>

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**50. Islamic banking business (cont'd.)**

**(t) Taxation**

	<b>Group</b>		<b>Company</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>
Income tax expense				
Current financial year	13,427	7,663	-	-
Under provision of income tax expense in prior years	-	2,043	-	2,043
	<u>13,427</u>	<u>9,706</u>	<u>-</u>	<u>2,043</u>
Deferred tax expense				
Origination and reversal of temporary differences (Note 50(g))	1,998	1,026	70	323
Under provision in prior years	707	-	-	-
	<u>2,705</u>	<u>1,026</u>	<u>70</u>	<u>323</u>
Tax expense for the financial year	<u>16,132</u>	<u>10,732</u>	<u>70</u>	<u>2,366</u>
Profit before taxation and zakat	<u>89,927</u>	<u>56,298</u>	<u>25,380</u>	<u>20,110</u>
Taxation at Malaysian Statutory tax rate of 24%	21,582	13,512	6,091	4,826
Expenses not deductible for tax purpose	1,381	814	1,340	754
Tax deduction on zakat payment	(177)	(380)	-	-
Income not subject to tax	(1,410)	-	(1,410)	-
Utilisation of group tax relief	(5,951)	(5,257)	(5,951)	(5,257)
Under provision of income tax expense in prior years	-	2,043	-	2,043
Under provision of deferred tax in prior years	707	-	-	-
Tax expense for the financial year	<u>16,132</u>	<u>10,732</u>	<u>70</u>	<u>2,366</u>



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**50. Islamic banking business (cont'd.)**

**(u) Net income from Islamic Banking**

For consolidation with conventional business, net income from operations of Islamic Banking comprises the following:

	<b>Group</b>		<b>Company</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>
Income derived from investment of depositors' funds (Note 50(l))	230,390	213,345	64,574	52,486
Income derived from investment of Islamic Banking Funds (Note 50(m))	34,840	39,673	-	-
	<u>265,230</u>	<u>253,018</u>	<u>64,574</u>	<u>52,486</u>
Less: Income attributable to depositors (Note 50(q))	(110,340)	(85,133)	-	-
	<u>154,890</u>	<u>167,885</u>	<u>64,574</u>	<u>52,486</u>

Note:

The Group and the Company granted an automatic moratorium on certain financing repayments/payments for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. In the previous financial year, the Group and the Company granted further moratorium on a case-by-case basis to certain borrowers. These measures were to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. There were no further moratorium granted in the current financial year.

As a result of the payment of moratorium, the Group and the Company recognised a loss of RM585,357 in the prior financial year arising from the modification of contractual cash flows of the financing and advances. There was none recognised in the current financial year.

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**50. Islamic banking business (cont'd.)**

**(v) Commitments and contingencies**

Group	<----- 2022 ----->			<----- 2021 ----->		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000
Direct credit substitutes	18,500	18,500	18,500	26,000	26,000	26,000
Other commitments such as formal and credit lines, with original:-						
- Maturity exceeding one year	167,927	83,964	83,964	340,218	170,110	170,110
	<u>186,427</u>	<u>102,464</u>	<u>102,464</u>	<u>366,218</u>	<u>196,110</u>	<u>196,110</u>
<b>Company</b>						
Irrevocable commitments to extend credit:						
- Maturity exceeding one year	8,838	4,419	4,419	12,565	6,283	6,283
	<u>8,838</u>	<u>4,419</u>	<u>4,419</u>	<u>12,565</u>	<u>6,283</u>	<u>6,283</u>

\* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia Guidelines.

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**50. Islamic banking business (cont'd.)**
**(w) Yield/profit rate risk**

The Group and the Company are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market yield/profit rates on its financial position and cash flows. The following tables indicate the effective profit rate at the reporting date and the periods in which they reprice or mature, whichever is earlier.

Group	Non-trading book						Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	>3 - 12 months RM'000	> 1 - 5 years RM'000	> 5 years RM'000	Non-profit sensitive RM'000		
<b>2022</b>								
<b>Assets</b>								
Cash and short-term funds	506,900	-	-	-	-	25,435	532,335	2.46
Deposits and placements with licensed banks and other financial institutions	-	-	41,700	-	-	-	41,700	2.60
Financial investments at FVOCI	-	5,007	355,765	1,236,616	84,934	-	1,682,322	3.88
Financial investments at amortised cost	-	15,000	151,710	1,559,817	423,090	39,989	2,189,606	4.35
Financing and advances								
- non-impaired	1,082	788	146,807	456,453	138,369	(4,934)*	738,565	8.78
- impaired	-	-	-	-	-	63,047	63,047	-
Other assets	-	-	-	-	-	99,866	99,866	-
Total assets	507,982	20,795	695,982	3,252,886	646,393	223,403	5,347,441	
<b>Liabilities</b>								
Deposits from customers	1,606,005	612,263	1,060,941	-	-	-	3,279,209	3.62
Deposits and placements of banks and other financial institutions	829,391	100,210	2,330	-	-	-	931,931	3.29
Borrowings	-	-	-	-	93,753	-	93,753	-
Other liabilities	-	-	-	-	-	200,295	200,295	-
Total liabilities	2,435,396	712,473	1,063,271	-	-	200,295	4,505,188	
Shareholders' funds	-	-	-	-	-	845,585	845,585	-
Total liabilities and shareholders' funds	2,435,396	712,473	1,063,271	-	-	1,045,880	5,350,773	
On-balance sheet interest sensitivity gap	(1,927,414)	(691,678)	(367,289)	3,252,886	552,640	(822,477)		
Total profit sensitivity gap	(1,927,414)	(691,678)	(367,289)	3,252,886	552,640	(822,477)		

\* ECL allowances (stage 1 and stage 2)

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**50. Islamic banking business (cont'd.)**

**(w) Yield/profit rate risk (cont'd.)**

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market yield/profit rates on its financial position and cash flows. The following table indicates the EPR at the reporting date and the periods in which they reprice or mature, whichever is earlier (cont'd.).

Group	----- Non-trading book ----->						Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	>3 - 12 months RM'000	> 1 - 5 years RM'000	> 5 years RM'000	Non-profit sensitive RM'000		
<b>2021</b>								
<b>Assets</b>								
Cash and short-term funds	418,500	-	-	-	-	26,373	444,873	3.25
Deposits and placements with licensed banks and other financial institutions	-	-	41,700	-	-	-	41,700	3.20
Financial investments at FVOCI	214,921	299,591	552,850	1,136,024	97,242	-	2,300,628	2.63
Financial investments at amortised cost	25,001	98,020	789,979	756,796	281,044	39,989	1,990,829	3.12
Financing and advances								
- non-impaired	1,785	101,973	298,169	102,826	210,263	(12,854)*	702,162	8.69
- impaired	-	-	-	-	-	6,328	6,328	-
Other assets	-	-	-	-	-	77,436	77,436	-
Total assets	660,207	499,584	1,682,698	1,995,646	588,549	137,272	5,563,956	
<b>Liabilities</b>								
Deposits from customers	1,975,454	632,673	1,008,738	53,510	-	-	3,670,375	2.13
Deposits and placements of banks and other financial institutions	786,830	41,402	3,608	-	-	-	831,840	1.90
Borrowings	-	-	-	-	125,018	-	125,018	-
Other liabilities	-	-	-	-	-	169,070	169,070	-
Total liabilities	2,762,284	674,075	1,012,346	53,510	-	169,070	4,796,303	
Shareholder's equity	-	-	-	-	-	785,290	785,290	-
Total liabilities and shareholder's equity	2,762,284	674,075	1,012,346	53,510	-	954,360	5,581,593	
On-balance sheet interest sensitivity gap	(2,102,077)	(174,491)	670,352	1,942,136	588,549	(965,088)		
Total profit sensitivity gap	(2,102,077)	(174,491)	670,352	1,942,136	588,549	(965,088)		

\* ECL allowances (stage 1 and stage 2)

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**50. Islamic banking business (cont'd.)**

**(w) Yield/profit rate risk (cont'd.)**

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market yield/profit rates on its financial position and cash flows. The following table indicates the EPR at the reporting date and the periods in which they reprice or mature, whichever is earlier (cont'd.).

Company	----- Non-trading book ----->						Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	>3 - 12 months RM'000	> 1 - 5 years RM'000	> 5 years RM'000	Non-profit sensitive RM'000		
<b>2022</b>								
<b>Assets</b>								
Cash and short-term funds	80,400	-	-	-	-	7,674	88,074	2.64
Deposits and placements with licensed banks and other financial institutions	-	-	41,700	-	-	-	41,700	2.60
Financing and advances								
- non-impaired	-	48	1,804	15,440	28,135	(1,076) *	44,351	2.89
- impaired	-	-	-	-	-	7,661	7,661	-
Other assets	-	-	-	-	-	49,850	49,850	-
Total assets	80,400	48	43,504	15,440	28,135	64,109	231,636	
<b>Liabilities</b>								
Borrowings	-	-	-	-	93,753	-	93,753	-
Other liabilities	-	-	-	-	-	35,980	35,980	-
Total liabilities	-	-	-	-	93,753	35,980	129,733	
Shareholder's equity	-	-	-	-	-	99,936	99,936	-
Total liabilities and shareholder's equity	-	-	-	-	93,753	135,916	229,669	
On-balance sheet interest sensitivity gap	80,400	48	43,504	15,440	(65,618)	(71,807)		
Total profit sensitivity gap	80,400	48	43,504	15,440	(65,618)	(71,807)		

\* ECL allowances (stage 1 and stage 2)

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**50. Islamic banking business (cont'd.)**

**(w) Yield/profit rate risk (cont'd.)**

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market yield/profit rates on its financial position and cash flows. The following table indicates the EPR at the reporting date and the periods in which they reprice or mature, whichever is earlier (cont'd.).

Company	Non-trading book						Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	>3 - 12 months RM'000	> 1 - 5 years RM'000	> 5 years RM'000	Non-profit sensitive RM'000		
<b>2021</b>								
<b>Assets</b>								
Cash and short-term funds	99,500	-	-	-	-	7,201	106,701	3.25
Deposits and placements with licensed banks and other financial institutions	-	-	41,700	-	-	-	41,700	3.20
Financing and advances								
- non-impaired	-	62	2,189	18,709	34,091	(2,009)*	53,042	2.95
- impaired	-	-	-	-	-	6,328	6,328	-
Other assets	-	-	-	-	-	32,742	32,742	-
Total assets	99,500	62	43,889	18,709	34,091	44,262	240,513	
<b>Liabilities</b>								
Borrowings	-	-	-	-	125,018	-	125,018	-
Other liabilities	-	-	-	-	-	33,270	33,270	-
Total liabilities	-	-	-	-	125,018	33,270	158,288	
Shareholders' funds	-	-	-	-	-	74,763	74,763	-
Total liabilities and shareholders' funds	-	-	-	-	125,018	108,033	233,051	
On-balance sheet interest sensitivity gap	99,500	62	43,889	18,709	34,091	(211,771)		
Total profit sensitivity gap	99,500	62	43,889	18,709	34,091	(211,771)		

\* ECL allowances (stage 1 and stage 2)

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**50. Islamic banking business (cont'd.)**

**(x) Capital adequacy**

- (i) The capital adequacy ratios in respect of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</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>Common Equity Tier 1 ("CET1") Capital</b>				
Islamic capital fund	501,600	486,600	75,000	60,000
Regulatory reserve	19,957	7,385	-	-
FVOCI reserve	(26,498)	(14,385)	-	-
Retained profits	350,526	305,690	24,936	14,763
	<u>845,585</u>	<u>785,290</u>	<u>99,936</u>	<u>74,763</u>
Less: Regulatory adjustments	(46,528)	(40,499)	(16,344)	(24,050)
Total CET1 Capital/ Tier 1 Capital	<u>799,057</u>	<u>744,791</u>	<u>83,592</u>	<u>50,713</u>
<b>Tier 2 Capital</b>				
Loss provision and regulatory reserve	19,861	19,046	1,922	1,834
Total Tier 2 Capital	<u>19,861</u>	<u>19,046</u>	<u>1,922</u>	<u>1,834</u>
<b>Total Capital</b>	<u>818,918</u>	<u>763,837</u>	<u>85,514</u>	<u>52,547</u>
CET 1 Capital	42.117%	41.625%	32.542%	21.142%
Tier 1 Capital	42.117%	41.625%	32.542%	21.142%
Total Capital	43.163%	42.689%	33.290%	21.906%

- (ii) Breakdown of gross risk-weighted assets of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</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>
Total risk-weighted assets for credit risk	1,588,910	1,523,682	153,738	146,731
Total risk-weighted assets equivalent for operational risk	308,341	265,618	103,138	93,141
	<u>1,897,251</u>	<u>1,789,300</u>	<u>256,876</u>	<u>239,872</u>

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**51. Significant events during the financial year**

On 6 April 2022, BNM has granted approval for Malaysia Building Society Bhd ("MBSB") to commence negotiations to acquire 100% shareholding in the Group from the Group's immediate holding company, PNB. On 21 October 2022, both MBSB and PNB submitted their respective applications to BNM in respect of MBSB's proposed acquisition of MIDF. As at the date of this report, BNM has not approved or rejected the proposed acquisition.



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**Appendix**

No	Name of Subsidiary	Name of Directors
1.	MIDF Amanah Investment Bank Berhad	Datuk Mohd Nasir Bin Ali Dato' Kaziah Binti Abd Kadir Encik Ahlan Nasri Bin Mohd Nazir @ Nasir Encik Azlan Bin Abdullah Dato' Charon Wardini Bin Mokhzani Datuk Azizan Bin Hj. Abd Rahman (Resigned on 1 April 2022)
2.	MIDF Amanah Asset Management Berhad	Cik Hasnah Binti Omar Mr. Tai Keat Chai Encik Hasman Yusri Bin Yusoff Datuk Joseph Dominic Silva Cik Norziana Binti Mohd Inon (Appointed on 27 May 2022) Encik Shan Kamahl Bin Mohammad (Appointed on 10 October 2022) Encik Ahlan Nasri Bin Mohd Nazir @ Nasir (Resigned on 2 March 2022) Dato' Charon Wardini Bin Mokhzani (Resigned on 17 May 2022) Encik Mohamed Sany Bin Mohd Zainudin (Resigned on 7 July 2022)
3.	Amanah International Finance Sdn. Bhd.	Encik Ahmad Farouk Bin Mohamed Mr. Johnson Rudd a/l Sunny Rudd
4.	MIDF Amanah Capital Berhad	Encik Azizi Bin Mustafa Encik Sheikh Shahrudin Bin Sheikh Salim
5.	MIDF DFI Bhd	Encik Azizi Bin Mustafa Encik Kheirul Anwar Bin Mohamed
6.	MIDF Amanah Investment Nominees (Asing) Sdn Bhd	Encik Sheikh Shahrudin Bin Sheikh Salim Encik Wan Ahmad Satria Bin Wan Hussein
7.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd	Encik Sheikh Shahrudin Bin Sheikh Salim Encik Wan Ahmad Satria Bin Wan Hussein
8.	Omega Matrix (M) Sdn Bhd	Encik Sheikh Shahrudin Bin Sheikh Salim Encik Ahmad Farouk Bin Mohamed
9.	Oriental 1936 Berhad	Encik Sheikh Shahrudin Bin Sheikh Salim Encik Ahmad Farouk Bin Mohamed
10.	MIDF Amanah Ventures Sdn Bhd	Encik Sheikh Shahrudin Bin Sheikh Salim Encik Kheirul Anwar Bin Mohamed Mr. Chia Ku Tang, Adrian