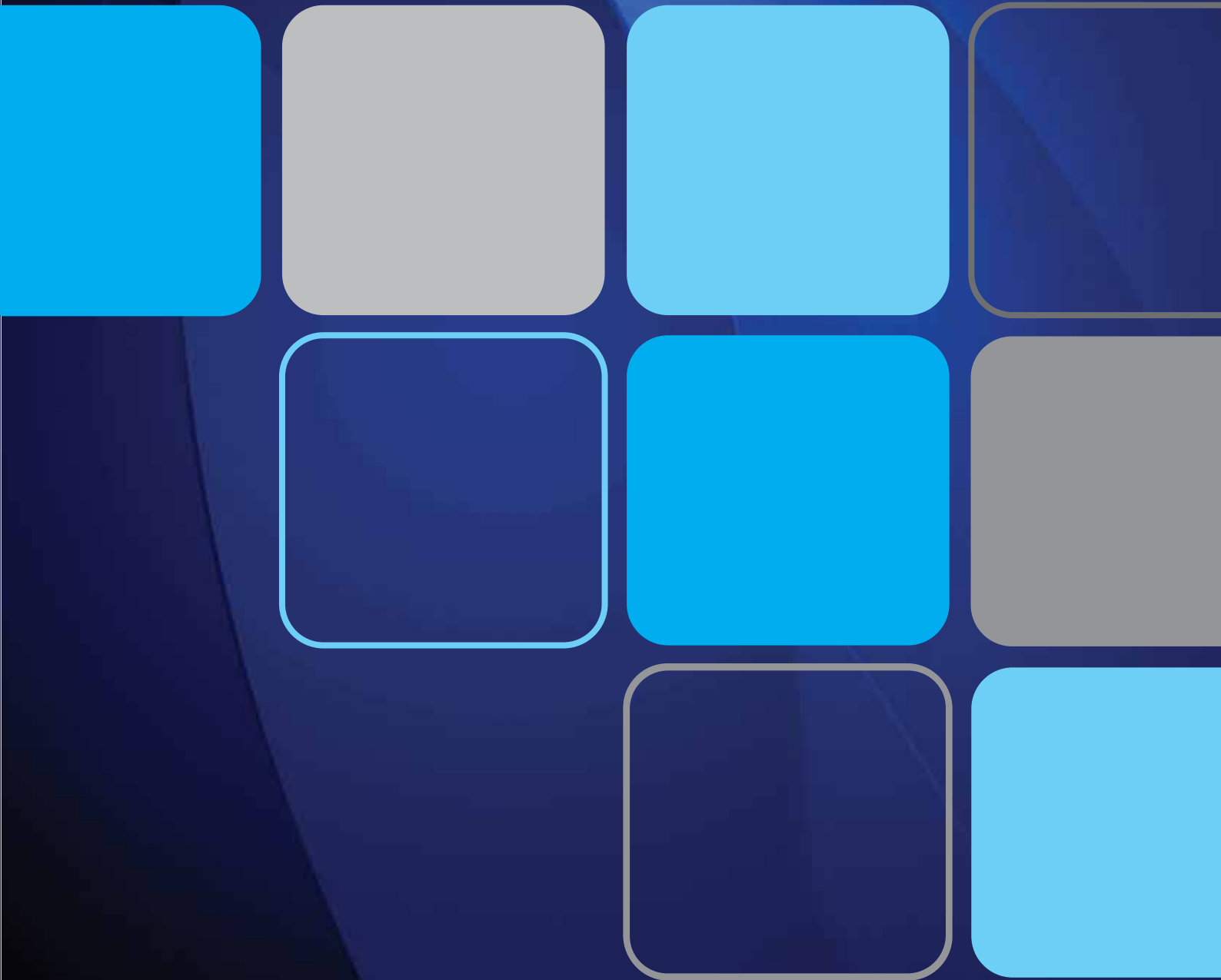
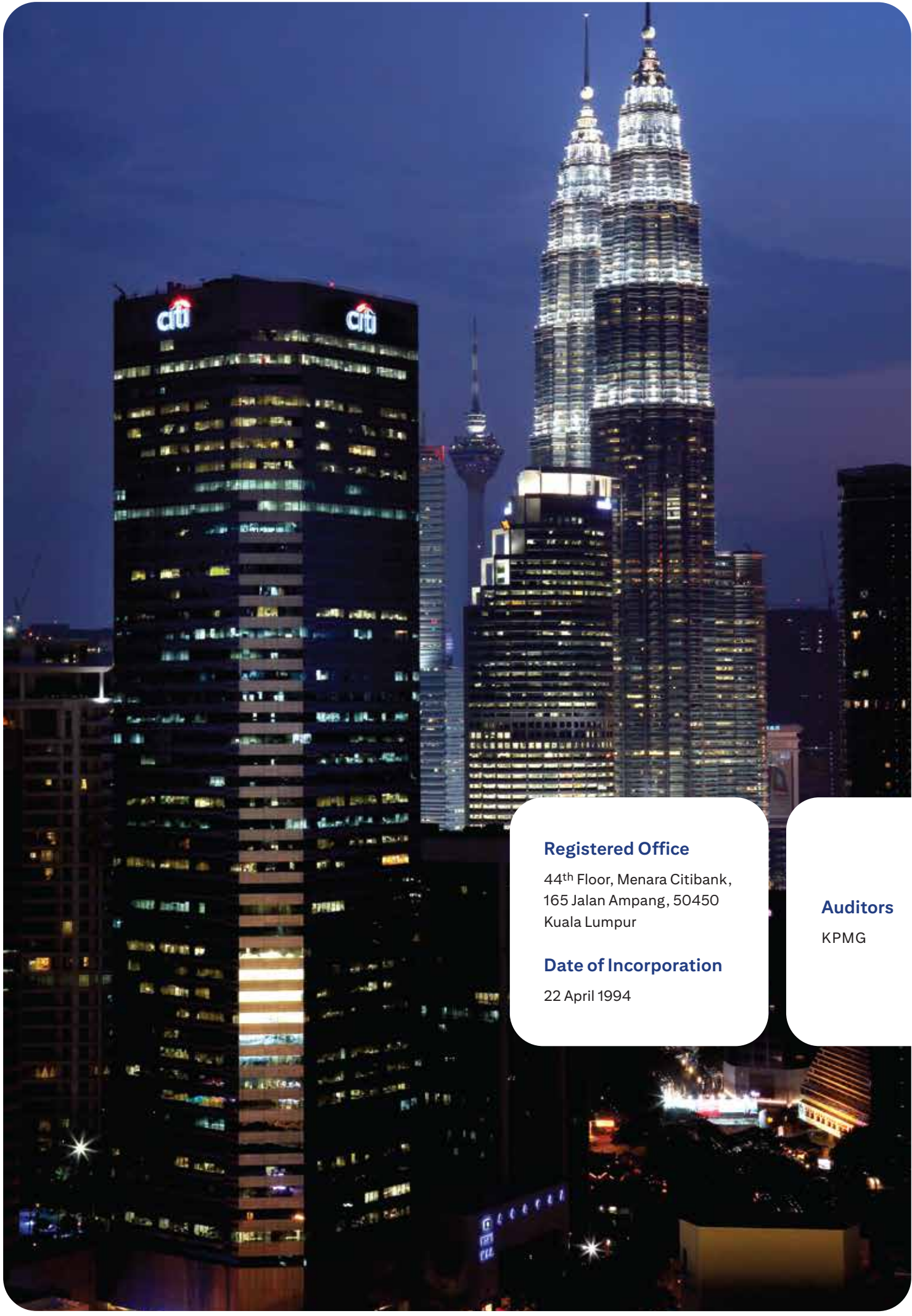


2023 Annual Report





Registered Office

44th Floor, Menara Citibank,
165 Jalan Ampang, 50450
Kuala Lumpur

Date of Incorporation

22 April 1994

Auditors

KPMG

Table of Contents

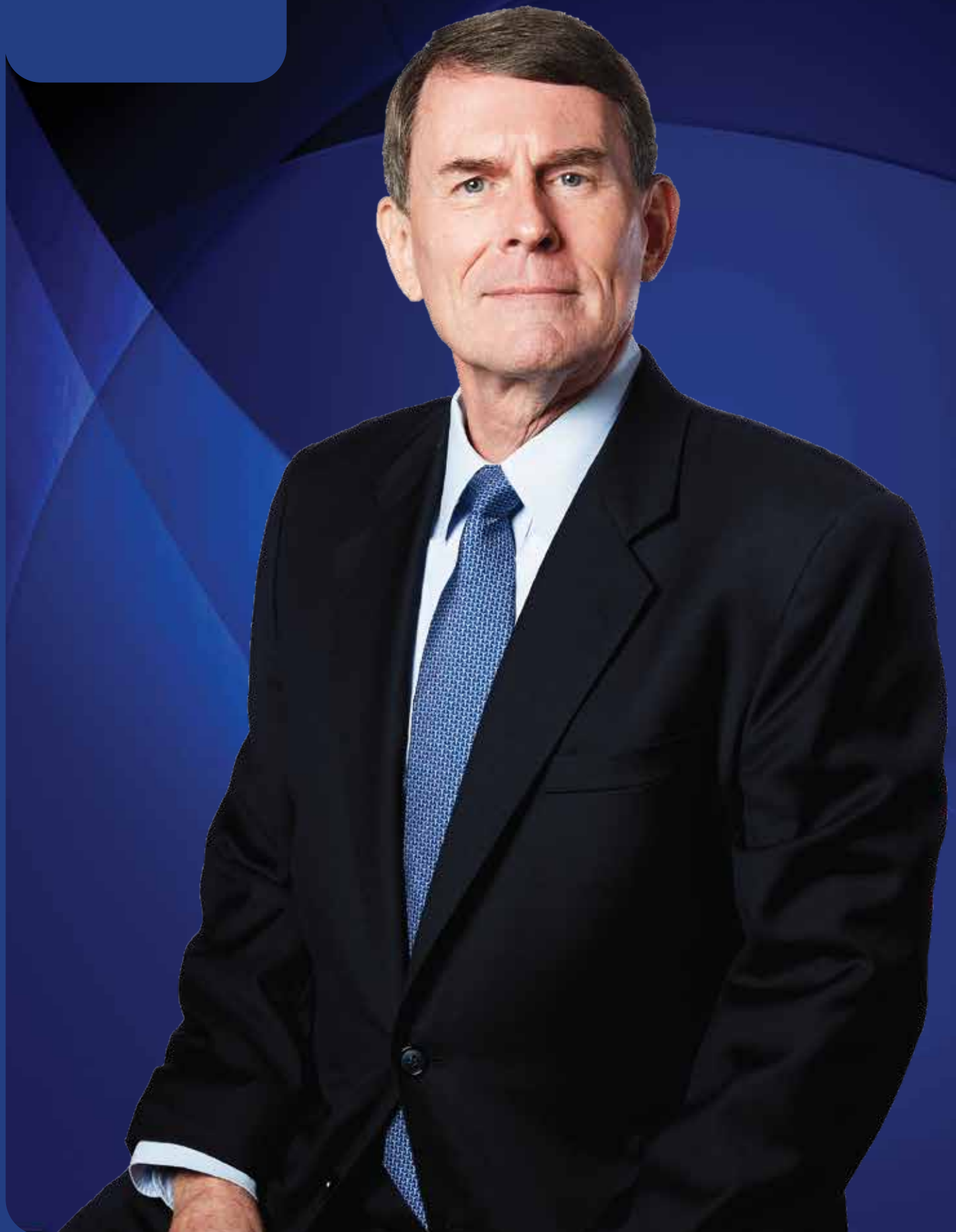
Corporate Information

- 02 • Chairman's Statement
- 04 • CEO's Statement
- 09 • Board of Directors – Profile
- 14 • Statement of Corporate Governance
- 22 • Risk Management
- 23 • Statement on Internal Audit and Internal Control
- 25 • Citibank Berhad's Remuneration Policy
- 29 • Management Reports
- 30 • Ratings Statement
- 31 • Shariah Committee
- 34 • Customer Engagement and Service Delivery
- 35 • Our Commitment to Community
- 38 • Developing Our People

Financial Statements

- 41 • Directors' Report
- 45 • Statement by Directors
- 46 • Statutory Declaration
- 47 • Shariah Committee's Report
- 48 • Independent Auditors' Report
- 50 • Statements of Financial Position
- 51 • Statements of Profit or Loss and Other Comprehensive Income
- 52 • Statements of Changes In Equity
- 53 • Statements of Cash Flows
- 56 • Notes to the Financial Statements

Chairman's Statement



Citibank Berhad has embarked on a purposeful and visionary strategic journey in recent years. Our vision is to be the preeminent banking partner for institutions with cross-border needs. The bank's mission is to serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress. Our core activities are safeguarding assets, lending money, making payments and accessing the capital markets on behalf of our clients. We have more than 200 years of experience helping our clients meet the world's toughest challenges and embrace its greatest opportunities.

For the team in Malaysia, 2023 marked a significant milestone as we streamlined our operations and executed our strategic vision. We continued to fortify our institutional client franchise and expand the Citi Solutions Centres in Kuala Lumpur and Penang, which serves customers in over 50 countries worldwide.

Our new streamlined organisational structure is moving us to an operating model that best fits our strategy and will accelerate our progress, simplify the management of our bank and ensure that our clients are at the center of all we do. This also empowers our teams, fosters faster decision-making, heightens accountability, and intensifies our client-centric approach. These strategic enhancements have already generated tangible and positive results.

In 2023, Citibank Berhad achieved a profit after tax of RM768.300 million, reflecting a 22.4% decrease from the preceding year. Excluding operations from our discontinued businesses, our PAT improved from RM 418.706 million to RM 768.300 million, a growth of 83.5%. Our balance sheet remains solid, delivering a Return on Equity of 16.0% and a Risk Weighted Total Capital Adequacy Ratio of 28.4% (before deducting proposed dividends).

Moving forward, our core interconnected global businesses which spans across corporate banking, commercial banking, treasury and trade, markets and securities, as well as transaction services via our Citi Solutions Centers - have positioned us to deliver the full spectrum of our expertise to our esteemed clients and customers in Malaysia.

As before, we will support our clients where they need us the most. We have and will continue to adapt to evolving economic landscapes while strategically executing our ongoing transformation and delivering value to our stakeholders.

The successful navigation of these changes owes much to the dedication and resilience of Citibankers. My sincere gratitude extends to the remarkable team in Malaysia. Their commitment to excellence and unyielding enthusiasm for the bank's future are the cornerstones of our success.

As we navigate the ongoing transformation, we are committed to retaining top-tier talent and supporting those exploring new avenues. Talent is the cornerstone of our success, and we will continue cultivating a dynamic and supportive work environment.

I extend my sincere gratitude to Bank Negara Malaysia and other government bodies for their invaluable guidance and support throughout the year. We also thank our partners and stakeholders for their unwavering trust and cooperation. Your continued support is instrumental in our shared journey towards success.

Together, let's embark on the next chapter of our journey, constructing a resilient, agile, and even more client-centric bank for Malaysia.

With appreciation,

Mark Fordyce Hart
Chairman

CEO's Statement



In 2023, we implemented essential measures to fortify Citibank Berhad's position as a resilient and dynamic financial institution in a competitive landscape. As before, we remained steadfast to our mission of responsibly providing financial services that fuel growth and contribute to economic progress.

The Malaysian economy expanded by 3.7% during the year. According to Bank Negara, growth moderated amid a challenging external environment. This was due mainly to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies.

The central bank adopted a measured approach to monetary policy, implementing a 25-basis point interest rate hike in May. This balanced stance aimed to nurture economic growth while managing inflationary pressures. Inflation is expected to moderate in 2024 on easing global supply chain disruptions, further supporting economic stability.

The bank's resilience and the remarkable achievements of our employees were immediately apparent as I began my role in May 2023.

Solid Financial Results

I am pleased to announce that 2023 marked another robust year for Citibank Berhad. The bank achieved a profit after tax of RM768.300 million. Excluding operations from our discontinued businesses, our PAT improved from RM 418.7 million to RM 768.3 million, a growth of 83.5%. Our balance sheet remains solid, delivering a Return on Equity of 15.9% and a Risk Weighted Total Capital Adequacy Ratio of 28.4% (before deducting proposed dividends).

Our financial foundation remains strong, exemplified by return on equity of 15.9% and a risk-weighted total capital adequacy ratio of 28.4% (before deducting proposed dividends) for 2023. Our balance sheet ended the year with total assets at RM31,872.12 million, while total deposits amounted to RM25,787.74 million, a 7% and 4% decrease, respectively.

Banking

Our dominant presence in the MNC, Local Corporates, Public Sector and Financial Institutions space in Malaysia is enabled by a full service offering across the product suite, such as loans, equity and debt capital markets, mergers and acquisitions, financial advisory, risk management

solutions across currencies, commodities, interest rates etc, casmanagement, trade financing, corporate cards to name a few.

Additionally, our global presence in 160 markets (including 95 with direct presence) – is truly unparalleled competitive advantage, especially as Malaysian companies go global.

We are committed to providing our clients with valuable insights and opportunities for growth. Through our events and updates, we offer a platform for networking, learning and engagement that can benefit client's business in various ways.

Services: Treasury and Trade Solutions

In 2023, Treasury and Trade Solutions kept its focus on digitalisation and delivering exceptional client experiences. We continued accelerating our investment in digital technologies that support our clients with agile solutions and emerging opportunities.

Our enhanced CitiDirect platform is the next-generation digital banking platform. The new architecture should exceed client expectations in terms of usability and performance. It offers a highly intuitive user interface that can be customised to meet specific user's banking requirements and provides access to the bank's global cash management and trade solutions anytime, anywhere.

The benefits from these architecture changes include faster turnaround time to perform system maintenance, faster response times, increased access to real-time data, and, most recently, the introduction of Digital Signer Management. This provides greater visibility, quicker turnaround times, and enhanced digital features as clients can self-initiate and keep track of all their signer information digitally, thus creating an enriched digital experience.

Harnessing the strength of our global network, we have achieved a significant milestone with the introduction of CitiDirect Digital Onboarding. This platform enables clients worldwide to seamlessly onboard digitally, from initial engagement to document submission, efficiently using electronic signatures via DocuSign.

A distinguished market leader in digital payments, we offer over 140 currencies for cross-border wires across 200+ corridors on our proprietary global network. Our capabilities

extend to facilitating innovative cross-border payment methods, including instant payments and transfers to digital wallets and cards.

In 2023 we earned the esteemed recognition of being named Best International Bank in Malaysia by FinanceAsia. With a substantial 25% market share in transaction value, we stand as one of the top foreign banks for corporate e-payments and ranked among the top three in market share for direct debit.

Highlighting our commitment to digitalisation, Trade and Treasury Solutions spearheaded the pilot VISA virtual card programs throughout the year. Developed for new and existing clients, these initiatives resulted from ongoing collaborations with external vendors. Further aligning with our digitalisation strategy, the acceptance of commercial card agreements and program administrator application forms signed electronically has been seamlessly integrated.

Card-not-present (CNP) transactions through eCommerce platforms continue to dominate, constituting nearly 80% of Malaysia's monthly spending volume. Meanwhile, contactless transactions have witnessed a remarkable upswing, with an almost 70% increase in transaction volume and a 50% rise in transaction counts. In our pursuit of offering a fully digital banking experience, we diligently support clients through every phase - from account opening to transaction execution.

Emphasising the importance of trade digitisation, our Digital Trade has successfully eliminated the need for paper-based transactions in supporting trade transactions.

Furthermore, our global supplier finance platform, CSF®, provides our clients with a distinctive tool to assist their suppliers, spanning SMEs, large suppliers, and overseas vendors, seamlessly accessing working capital at attractive rates. Incorporating DocuSign for a one-time digital sign-up process represents a significant stride towards our goal of digitalising Citi's complete suite of trade services products.

Services: Securities Services

Securities Services demonstrated resilience and robust performance in 2023 despite a volatile market and a depreciating ringgit. Our strategic utilisation of technology played a pivotal role in attaining both scale and efficiency, enabling us to expand revenue, bolster market share, and sustain a low operating cost.

Markets

Our corporate sales and solutions business is seeing stable growth due to episodic flows across foreign exchange and commodities. We continued to work closely with our partners to provide a complete end-to-end digital solution encompassing our clients' foreign exchange risk management and cash management solutions.

The industry has recognised these efforts. The bank was awarded Best Single-dealer Platform at the FX Markets e-FX award, Best FX Tech Awards and Best Bank Platform by Global Finance FX Tech Awards and Structured Products House of the Year by Risk Awards.

Customer Engagement and Service Delivery

Our attention to digitalisation and self-service empowerment encouraged clients to access their real-time financial information as needed. This resulted in a significant increase in Citi Payment Insights adoption by clients, at 94% in 2023 compared to 84% in 2022.

Citi Payment Insights allows clients to have real-time financial visibility and the ability to track payments made via CitiDirect and Citi Connect within our network and SWIFT GPI. The CitiDirect platform was further improved to meet the growing needs of our clients by enabling customisation of specific user requirements and increasing access to critical real-time financial data. More than 500 users attended the CitiDirect training in 2023 to enhance their skills in maximising CitiDirect's capabilities.

By providing exceptional service, our customer satisfaction scores improved overall. Our Voice of Client (VOC) scores for service delivery in 2023 also improved and we are incredibly proud of the many client accolades and feedback received throughout the year.

Community Development

Community engagement and development lie at the heart of our values, representing a shared responsibility among all stakeholders. We continue to support and develop communities in areas where our efforts will generate the most meaningful impact.

In the realm of youth entrepreneurship, we are proud to be in our fourth year of collaboration with the Asia School of Business, actively contributing to The Rapid Youth

Success Entrepreneurship (RYSE) Programme. This initiative addresses youth unemployment rates in urban Malaysia by imparting innovation and design thinking skills, social entrepreneurship, and e-commerce skills to low-income students.

In women empowerment, our partnership with the Young Women's Christian Association (YWCA) of Kuala Lumpur aims to enhance employability and offer entrepreneurial training for girls and marginalised women. This program seeks to empower women with essential entrepreneurial skills while fostering self-esteem and confidence.

Our collaboration with Teach for Malaysia play a vital role in shaping young leaders through a dedicated student leadership program. Aligned with Teach for Malaysia's Student Leadership Development Framework, the program emphasizes social and emotional learning, communication skills, resilience, and entrepreneurship.

As part of the bank's annual Global Community Day, our volunteers in Malaysia actively supported 40 community programs. These initiatives ranged from delivering groceries to low-income families, repurposing surplus produce from supermarkets, cooking and distributing meals for people experiencing homelessness, and providing tuition to children from low-cost housing developments.

Investments in Our People

The holistic well-being of our employees is paramount. We provide industry-leading employee policies and benefits and collaborate with top-notch providers to ensure the comprehensive well-being of our workforce. Our innovative hybrid working policy, which strikes a balance with three days in the office and two days at home, has been successfully implemented by Citibankers.

Wellbeing extends to physical and mental health, and we are proud to relaunch a state-of-the-art gym at Menara Citibank. This gym has received strong engagement from our employees. Complementing this, an employee assistance policy offers a confidential avenue for those seeking mental and emotional support.

Continuous development and upskilling are fundamental aspects of our commitment to our employees. Employees benefit from many global and best-in-class learning resources and localised programs and initiatives. Our

offerings include technical capability programs, banking-related knowledge initiatives and executive education programs that prepare our future leaders for a rapidly evolving, complex, and digital world.

The bank's ESG initiatives are aligned with our global commitments. During the year, ESG workshops were conducted for board members and the management team, and several employees pursued a Certificate in Climate Risk.

Our commitment to diversity and inclusion is ingrained in the fabric of the bank, extending across hiring, development, retention, benefits, and work culture. In Malaysia, where most of our workforce comprises women, approximately half of the assistant vice president roles and above are held by women. Our programs and initiatives dedicated to developing female employees contribute to fostering an inclusive workplace, a source of genuine pride for us.

In 2023, we successfully hired for various roles, promoted and developed internal talent as we enhanced our diverse and inclusive workforce. We also actively engaged with university students and job seekers at the Graduan Aspire Event, where we connected with over 50,000 young adults.

To extend our reach globally, we participated in an employer branding and networking event facilitated by TalentCorp Malaysia Berhad. This was the ideal opportunity to showcase our unique brand and highlight local opportunities for Malaysian professionals and students outside the country. We also worked with TalentCorp Malaysia Berhad on a programme for women returning to the workforce.

Strategic Priorities

We plan to continue supporting investments in Malaysia through our global network. We will continue to leverage our years of experience, global linkages and extensive capabilities to support multinationals, local corporations, financial institutions, and the public sector.

The bank aims to enhance operational resilience and nurture a substantial risk and control culture while pursuing growth within our acceptable risk appetite.

We intend to build on our brand by working closely with our clients and partners. With high-impact mutual goals and

close connections, we will continue to deepen existing relationships. This puts us well on our way towards becoming the preeminent banking partner for those with cross-border needs and a global leader in wealth management.

As mentioned earlier, our ESG initiatives will continue to align with the bank's global commitment to sustainable finance. We are also taking all the necessary steps to safeguard the bank's resilience against climate-related risk as we evaluate the risks and opportunities arising from climate change. All measures comply with the provisions stipulated in Bank Negara's Climate Risk Management and Scenario Analysis.

Our vision for the type of bank we aim to become is unmistakably clear, and the past year has witnessed significant progress in turning this vision into a tangible reality. We are reshaping the trajectory of the bank and ushering in a new era of success for all stakeholders.

I also want to thank committed Citibankers, the senior management team and our partners for their tireless efforts and unwavering support. Collectively, we can continue to forge the best outcomes for our clients, shareholders, and the communities we serve.

Sincerely,

Vikram Singh
Chief Executive Officer



Board of Directors - Profile

Mark Fordyce Hart

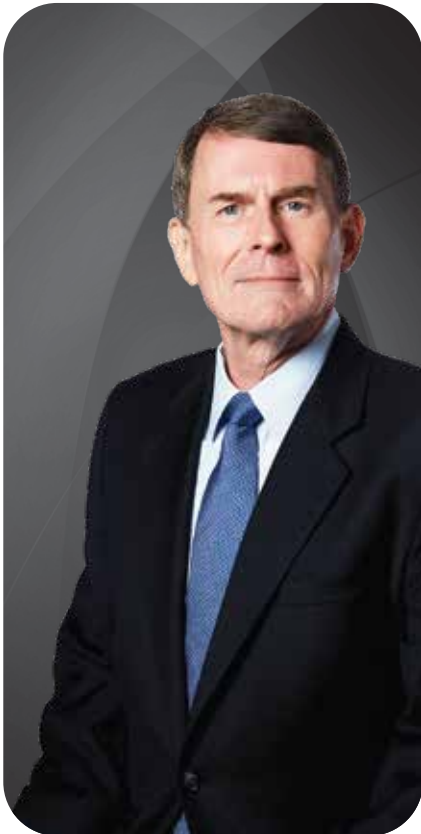
Chairman and Independent Non-Executive Director

- **Nationality** American
- **Age/Gender** 69 / Male
- **Date of Appointment** 28 February 2020
18 August 2021 (Appointed as Chairman)
- **Date of Last Re-election** 23 June 2023
- **Academic/Professional Qualification/Membership(s) :**
 - Bachelor of Science degree in Business, University of Maryland, USA
 - Master of Business Administration, Fordham University, USA
- **Present Directorship(s) :**
 - Listed entities: Nil
 - Other public companies: Nil
- **Board Meeting Attendance :**
 - 11/11 (100%)
- **Board Committees Membership(s) :**
 - Audit Committee (Member)
 - Risk Management Committee (Member)
 - Nominations and Compensation Committee (Member)
- **Past Appointment(s) and/or Directorship(s) :**

Mark Hart began his career with Citi in 1976 as a financial analyst and in his 41 years with Citi, he has held a number of key senior finance positions, both at the country and regional levels.

He was based in Japan from December 1983 until March 1995 when he led the Corporate Bank and the Consumer Bank Financial Planning units before he was appointed as the Citi Japan Franchise Chief Financial Officer (“CFO”). Between April 1995 to February 2009, he assumed a number of senior financial appointments including Citi CFO Hong Kong and China; Citi North Asia Corporate Bank CFO; Citi Asia Corporate Bank and Investment Bank, CFO; Citi Asia Franchise Controller.

He was then appointed the CFO of Citi Japan, Institutional Clients Group and Consumer Banking Group in March 2009 and held the position until February 2012. Prior to his retirement from Citi in August 2017, he was the CFO of Citi Asia Pacific.



Vikram Singh

Chief Executive Officer and Non-Independent Executive Director

- **Nationality** Indian
- **Age/Gender** 53/ Male
- **Date of Appointment** 1 May 2023
- **Date of Last Re-election** 23 June 2023
- **Academic/Professional Qualification/Membership(s):**
 - Bachelor of Economics, Delhi University, New Delhi
 - Master of Management, International Management Education, New Delhi
- **Present Directorship(s):**
 - Listed entities : Nil
 - Other public companies : Financial Industry Collective Outreach
- **Board Meeting Attendance:**
 - 6/6 (100%)
- **Board Committees Membership(s):**
 - Nil
- **Past Appointment(s) and/or Directorship(s):**

Vikram Singh joined Citi in 1999 as Head of Risk for Commercial Bank, Asset-Based Finance for North India. From 2004 to 2015, he held various leadership roles in India, covering large local corporates.

During his role as Head of Corporate and Investment Banking in the Philippines from 2016 to 2021, he accomplished double-digit revenue growth by devising and deploying robust business strategies. He developed and administered training programs for bankers across Asia to support account planning.

He was appointed Head of Asia Pacific Regional Account Management, Global Subsidiaries Group in 2021, where he managed top 200 multinational corporation relationships in Asia Pacific including Japan.



Abhijit Dattanand Kumta

Non-Independent Executive Director

- **Nationality** Indian
- **Age/Gender** 51/ Male
- **Date of Appointment** 3 January 2022
- **Date of Last Re-election** 23 June 2022
- **Academic/Professional Qualification/Membership(s):**
 - Bachelor of Business Communication, University of Bombay, India
 - Master of Business Administration, Institute of Management Education, Pune
- **Present Directorship(s):**
 - Listed entities : Nil
 - Other public companies : Nil
- **Board Meeting Attendance :**
 - 10/11 (91%)
- **Board Committees Membership(s):**
 - Nil
- **Past Appointment(s) and/or Directorship(s):**

Abhijit Kumta started his career with Citibank India Mumbai branch in 1995 and has held numerous operational roles in settlement, cash, branch operations and credit risk until 2008 with the posting to Kuala Lumpur, Malaysia for the position of ICG O&T Head Malaysia. From 2011 to 2013, he was the O&T Head of Citibank Berhad responsible for the O&T operations. Prior to his current appointment as the Managing Director, Singapore O&T and Citi Solution Center (“CSC”) Head, ASEAN Lead, he was the Managing Director, O&T, Philippines and CSC Head, ASEAN Lead from 2014 to 2018.



Dato' Philip Tan Puay Koon

Independent Non-Executive Director



- **Nationality** Malaysian
- **Age/Gender** 67/ Male
- **Date of Appointment** 9 October 2015
- **Date of Last Re-election** 23 June 2022
- **Academic/Professional Qualification/Membership(s):**
 - First Class Honours in Bachelor of Arts (CNAA) degree in Business Studies (Accounting and Finance), North-East London Polytechnic, United Kingdom
 - Fellow, Institute of Corporate Directors Malaysia
 - Associate Fellow, Asian Institute of Chartered Bankers
- **Present Directorship(s):**
 - Listed entities : SP Setia Bhd
 - Other public companies : AIG Malaysia Insurance Berhad
Sime Darby Oil International Limited
- **Board Meeting Attendance :**
 - 11/11 (100%)
- **Board Committees Membership(s):**
 - Audit Committee (Member)
 - Risk Management Committee (Chairman)
 - Nominations and Compensation Committee (Chairman)
- **Present Appointment(s):**
 - Chairman, Corporate Debt Restructuring Committee, Bank Negara Malaysia
 - Member, Financial Market Infrastructure Committee, Bank Negara Malaysia
- **Past Appointment(s) and/or Directorship(s):**

Dato' Philip Tan was formerly a Managing Director and the Chief Financial Officer of Emerging Market Sales and Trading, Asia-Pacific of Citibank N.A. He was also the Financial Markets Head and Country Treasurer of Citibank Berhad from 1995 to 2001. He was a Director of Citibank Malaysia (L) Ltd from 2000 to 2001.

Dato' Philip Tan was a former Director of Danajamin Nasional Berhad, MIDF Amanah Investment Bank Berhad, Cagamas Berhad, Payment Network Malaysia Sdn Bhd, MEPS Currency Management Sdn Bhd and Malaysian Electronic Payments System Sdn Bhd. He served as a Non-Public Interest Director of Private Pension Administrator Malaysia from 2020 to 2022.

Norazilla Binti Md Tahir

Independent Non-Executive Director

- **Nationality** Malaysian
- **Age/Gender** 58/ Female
- **Date of Appointment** 6 May 2023
- **Date of Last Re-election** 23 June 2023
- **Academic/Professional Qualification/Membership(s) :**
 - Fellow Chartered Accountant, Institute of Chartered Accountants in England and Wales, United Kingdom
 - Chartered Accountant, Malaysian Institute of Accountants, Malaysia
 - Bachelor of Arts (Honours) in Accounting, University of Stirling, Scotland, United Kingdom
- **Present Directorship(s) :**
 - Listed entities : Genting Malaysia Berhad
 - Other public companies : Bank Pembangunan Malaysia Berhad
BI Credit & Leasing Berhad
Global Maritime Ventures Berhad
Kenanga Investors Berhad
- **Board Meeting Attendance :**
 - 6/6 (100%)
- **Board Committees Membership(s) :**
 - Audit Committee (Chairperson)
 - Risk Management Committee (Member)
 - Nominations and Compensation Committee (Member)

- **Past Appointment(s) and/or Directorship(s) :**

Prior to her early retirement in 2020, Puan Norazilla Tahir was the Chief Financial Officer of Cagamas Berhad group of companies (“Cagamas Group”). She spearheaded the financial leadership of the group and was responsible for upholding strong financial management and governance while providing timely, accurate and reliable financial information and enhancing internal control.

She had held other Chief Financial Officer/Head of Finance positions at three (3) Islamic financial institutions, namely RHB Islamic Bank Berhad, Asian Finance Bank Berhad, Al Rajhi Banking and Investment Corporation (Malaysia) Berhad.

Besides banking, she was also experienced in fast moving consumer goods, having been involved in sales logistic chain management while at L'Oreal Malaysia Sdn Bhd and Universal Music Sdn Bhd in the early years of her career. She was a former board member of Etiqa Life Insurance Berhad, Amanah Raya Berhad and AmarahRaya Trustees Berhad.



Statement of Corporate Governance

The Board of Directors of Citibank Berhad (“Citibank” or “Bank”) presents this statement to provide the public with a disclosure of the key areas of corporate governance of Citibank for year 2023/2024. This disclosure is prepared in compliance with Bank Negara Malaysia’s (“BNM”) policy document on Corporate Governance.

Governance Structure

Citibank is a wholly owned subsidiary of Citigroup Inc. (“Citigroup”) and falls under the Citigroup corporate governance structure. Under this structure, Citibank is committed to high standards of corporate governance and ethical conduct and its business activities are monitored by the various governance committees which Citigroup has in place globally and in Malaysia.

Board Governance

Board Composition

The Board of Directors’ primary responsibility is to provide effective governance over Citibank’s affairs and to consider the interests of its diverse constituencies, including its shareholder, customers, employees, suppliers, and local communities. In all actions taken by the Board, the Directors are expected to exercise their business judgement in what they reasonably believe to be in the best interest of Citibank. In discharging these obligations, Directors may rely on the honesty and integrity of Citibank’s senior management and its outside advisors and auditors.

For the beginning part of 2023, the Board consisted of 4 members after the resignation of Mr. Usman Ahmed as Chief Executive Officer (“CEO”) and Non-Independent Executive Director (“NIED”) in December 2022. The Board size reverted to 5 members with the appointment of Mr. Vikram Singh as the new CEO and NIED on 1 May 2023 and maintained as such with the appointment of Puan Norazilla Tahir, to replace Datuk Ali Abdul Kadir who has retired as Independent Non-Executive Director (“INED”) on 6 May 2023 in accordance with the Board 9-year policy.

As at the date of this statement, the Board composition of Citibank is as follows:

3 INEDs:

- Mr. Mark Fordyce Hart, Chairman
- Dato’ Philip Tan Puay Koon
- Puan Norazilla binti Md Tahir

2 NIEDs:

- Mr. Vikram Singh, Chief Executive Officer
- Mr. Abhijit Dattanand Kumta

Please refer to pages 9 to 13 for more details of the Directors of Citibank. None of the Directors are holding any interest in the shares of the Bank.

Board appointment, re-appointment, and re-election

The Nominations and Compensation Committee (“NCC”) reviews the suitability of nominees for appointment or reappointment to the Board.

Directors who are appointed during a financial year are subject to review by the NCC for re-election to the Board at the next annual general meeting (“AGM”) pursuant to Citibank’s Constitution. The Bank’s Constitution requires all Directors appointed in the course of the year to retire and stand for re-election at the next AGM. The Bank’s Constitution also provides for at least one-third of the Directors to retire by rotation at each AGM and for eligible retiring Directors to stand for re-election at the AGM.

Mr. Mark Hart retired by rotation at the 2023 AGM and was re-elected. Mr. Vikram Singh and Puan Norazilla Tahir who were appointed on 1 May 2023 and 6 May 2023 respectively, retired at the 2023 AGM as required under the Bank’s Constitution and were re-elected.

Selection and qualification for office

The NCC is responsible for identifying, evaluating and selecting candidates for the Board. In doing so, it relies on a framework which Citigroup has developed to identify the skills and qualifications that Board and Board committee members require to discharge their responsibilities effectively, considering the Bank’s risk profile, business operations and business strategy. The NCC requires to determine whether the candidate is a fit and proper person and qualified for office, and to consider whether the candidate will be able to or has discharged his duties as Director by considering the candidate’s other competing time commitments or any potential conflicts of interest. The NCC also ensures that the composition of the Board following such appointment or reappointment will continue to comply with BNM’s requirements by conducting annual reviews, including the requirements as to independence, Director’s continuing suitability for office, attendance and participation.

The Bank implemented fit and proper due diligence procedures which require all candidates or Directors to complete fit and proper declarations and the Bank conducts searches including bankruptcy, litigation and credit bureau searches on the candidates or Directors.

Discharging Board responsibilities

The Board has formalised the division of responsibilities between the Board and the Bank’s management.

Working in consultation with the Bank’s management team, the Board provides oversight for the overall management of the Bank’s business. As the Bank is a wholly owned subsidiary, the organisational structure of the Bank is determined by Citigroup based on its corporate objectives. The Board is kept informed of the organisational structure and its feedback is taken back to group level for consideration. The Board reviews and approves the strategic business plans set by Citigroup for the Bank and has overall responsibility for risk management, financial reporting and corporate governance issues. Matters that specifically require Board approval include capital raising by the Bank specifically for the Bank’s capital requirements, acquisition/disposal of substantial assets and the Bank’s financial statements.

for the Bank and has overall responsibility for risk management, financial reporting and corporate governance issues. Matters that specifically require Board approval include capital raising by the Bank specifically for the Bank’s capital requirements, acquisition/disposal of substantial assets and the Bank’s financial statements.

The Board also ensures that the Bank upholds Citi’s core values including the values set out in Citi’s Code of Conduct and the Code of Ethics for Financial Professionals, and adopts Citigroup policies to comply with the laws, rules and regulations that govern Citi’s business operations.

The Board carries out various other functions and responsibilities as stipulated in the guidelines, policies and directives issued by BNM from time to time.

Board Meetings

The Bank's Constitution provides that the Board can make decisions via conference calls or video conferencing. Board written resolutions can be circulated to the Directors for approval. A Board meeting agenda is circulated to the Directors prior to each Board meeting, and the Directors are provided with all necessary Board papers and other information in a timely fashion for review.

The Board maintains records of all its meetings, including discussions and decisions taken.

The attendance of the Directors and Committee members at the meetings of the Bank during the year are as set out in the table below:

Director	Meetings Attendance Record (1 January to 31 December 2023)			
	BOD ⁽¹⁾	AC ⁽²⁾	RMC ⁽³⁾	NCC ⁽⁴⁾
	No. of meetings held in 2023			
	11	7	4	6
Mark Fordyce Hart	11	7	4	6
Vikram Singh ⁽⁵⁾	6	4 [#]	2 [#]	3 [#]
Abhijit Dattanand Kumta	10	1 [#]	1 [#]	1 [#]
Dato' Philip Tan Puay Koon ⁽⁶⁾	11	7	4	6
Norazilla binti Md Tahir ⁽⁷⁾	6	4	2	3
Datuk Ali bin Abdul Kadir ⁽⁸⁾	4	2	1	3

(1) Board of Directors (BOD); There were 6 scheduled and 5 special Board meetings in 2023

(2) Audit Committee (AC); 1 private session was held between the AC and the external auditors, KPMG PLT on 3 March 2023

(3) Risk Management Committee (RMC)

(4) Nominations and Compensation Committee (NCC)

(5) Vikram Singh was appointed as Director on 1 May 2023

(6) Dato' Philip Tan Puay Koon was appointed as Chairman of NCC on 6 May 2023

(7) Norazilla Tahir was appointed as Director and Chairperson of AC on 6 May 2023

(8) Datuk Ali Abdul Kadir retired as Director on 6 May 2023 and he also ceased as Chairman of AC and NCC and as member of RMC

Vikram Singh/Abhijit Kumta attended these meetings at the invitation of the respective committees.

At the scheduled Board meetings, standing agenda items include an update on the progress of the Bank delivering its ESG related initiatives; updates on technology and outsourcing; key regulatory changes affecting the banking industry, among other things.

At Board committee level, in-depth briefings are held on topics of interest relevant to the Board committee.

Board training and information access

A newly appointed Director to the Board will undergo

orientation tailored to his circumstances. New INED will be briefed by the heads of the respective businesses and control functions on the Bank's business lines, operations, material risks, significant policies relevant to the Bank's business. As Citigroup affiliated executive Directors may have in-depth familiarity with Citigroup's business, risk and control environment, their orientation will primarily be on directors' duties and obligations under applicable laws and they will be briefed as appropriate on the Bank's operating environment.

A director new to a financial institution will be required to complete mandatory program(s) imposed by BNM within the timeline prescribed by BNM. In the Bank's case, the 2 mandatory programs applicable to the new Directors are the Financial Institutions Directors' Education ("FIDE") (Bank) and the Islamic Finance for Board Program. Mr. Vikram Singh who was appointed to the Board in May 2023 completed the Islamic Finance program in November 2023 and he will attend the FIDE (Bank) program in 2024.

BNM's policy document on Corporate Governance requires the Board to dedicate adequate budget and to put in place a continuous professional development program to ensure that Directors have the requisite knowledge and skillsets to discharge their responsibilities. In 2023, Directors received training on various key topics such as Islamic banking; the Bank's anti-money laundering program; climate risk management; environmental, social and governance overview; and risk management priorities and framework. In-depth briefings were held on topics of interest relevant to the Board and Board committee.

The Board considers that the regular updates and trainings as outlined above on key topics impacting the Bank's business supplement the skillsets possessed by the Directors to equip them with relevant knowledge and skills in order to perform their roles effectively. The NCC reviews on regular interval the training needs for the Directors.

Board and Board Committee performance

The Board and the Board committees assess their performance on a collective basis annually. The results of these collective self-assessments are discussed and reviewed at the NCC meeting, which then makes its report to the Board. The Board evaluation process is useful in allowing the Board to evaluate its effectiveness and to provide Directors with an opportunity to make suggestions for improvement.

For confidentiality reasons the individual assessment of

Directors is reported to the Chairman of the Board and the NCC to determine any actions to follow up with Directors as required.

Board Committees

The Board has established an Audit Committee, a NCC and a Risk Management Committee, each of which has its own written charter. The charters set forth the mission and responsibilities of the committees as well as qualifications for committee memberships, procedures for committee members appointment and removal, committee structure, operations and reporting to the Board.

All members of the Board committee are required to meet the independence criteria, as determined by the Board, set forth in Citigroup's corporate governance guidelines and BNM's requirements regarding director independence. Committee members are appointed by the Board upon recommendation of the NCC. Committee chairs and members are rotated at the recommendation of the NCC.

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary.

Each Board committee maintains records of all its meetings and decisions taken and presents the minutes of each meeting to the Board for notation.

Audit Committee

The Audit Committee of the Bank comprises three (3) members who are all INEDs. The Audit Committee is chaired by an INED, Puan Norazilla Tahir effective from 6 May 2023. Datuk Ali Abdul Kadir stepped down as Audit Committee Chairman upon retiring from the Board on 6 May 2023. All the INEDs satisfied the test of independence under BNM's policy document on Corporate Governance. None of the AC members were former audit partners who are required to observe a cooling-off period of at least 2 years before being appointed in accordance with BNM's requirements.

The Audit Committee has oversight of (i) the integrity of the Bank's financial statements, financial reporting process and systems of internal accounting and financial controls; (ii) the performance of the Bank's internal audit function ("Internal Audit"); (iii) the Bank's compliance with legal and regulatory requirements; and (iv) the fulfilment of the other responsibilities set out in its charter.

The key responsibilities of the Audit Committee are as follows:

Financial statements and disclosure matters

- (a) Review with management the Bank's financial results, review and discuss with management and the Independent Auditors the annual audited financial statements of the Bank.
- (b) Review the accuracy and adequacy of the chairman's statement in the directors' report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
- (c) Review and discuss with management about (1) any significant deficiencies or material weaknesses in the design or operation of the Bank's internal control over financial reporting, and (2) any fraud, whether or not material, involving management or other employees who have a significant role in the Bank's internal control over financial reporting.
- (d) Review and discuss periodically reports on, among other things:
 - Critical accounting policies and estimates and practices to be used;
 - Alternative treatments of the Bank's financial information in conformance with locally accepted accounting principles;
 - Significant unusual transactions;
 - New accounting pronouncements;
 - Schedules of uncorrected audit misstatements;
 - Other material written communications between the Independent Auditors and management, such as any management letter and the Bank's response to such letter or schedule of unadjusted differences; and
 - Difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, any significant disagreements with management, and communications between the audit team and the audit firm's national office, (if relevant), with respect

18 ▪ Statement of Corporate Governance

to difficult auditing or accounting issues presented by the engagement as it relates to the Bank.

(e) Review and discuss with management and the Independent Auditors, at least annually:

- Developments and issues with respect to loan loss reserves and other reserves;
- Regulatory and accounting initiatives, as well as off-balance sheet structures, and their effect on the Bank's financial statements; and
- Accounting policies used in the preparation of the Bank's financial statements and, in particular, those policies for which management is required to exercise discretion or judgement regarding the implementation thereof.

(f) Review with management its evaluation of the Bank's internal control structure and procedures for financial reporting and review periodically, but in no event less frequently than annually, management's conclusions about the efficacy of such internal controls and ols and procedures, including any significant deficiencies or material weaknesses in such controls and procedures.

(g) Annually review and discuss with management and the Independent Auditors (1) management's assessment of the effectiveness of the Bank's internal control structure and procedures for financial reporting and (2) the Independent Auditors' report on the effectiveness of the Bank's internal control over financial reporting.

(h) Ensure that prior to publication of the annual report, a complete review is done to comply with the regulatory requirements.

(i) To monitor related party transactions and conflict of interest situation that may arise within the Bank including any transactions, procedure or course of conduct that raises questions on management integrity.

Oversight of the Bank's Relationship with the Independent Auditors

(a) Make recommendations to the Board on the appointment, removal and remuneration of the Independent Auditors.

(b) Monitor and assess the independence of the Independent Auditors including by approving the provision of non-audit services by the Independent Auditors.

(c) Review and discuss the scope and plan of the independent audit.

(d) Maintain regular, timely, open and honest communication with the Independent Auditors, and requiring the Independent Auditors to report on significant matters.

(e) Monitor and assess the effectiveness of the independent audit, including by meeting with the Independent Auditors without the presence of senior management at least annually.

(f) Ensure the senior management is taking necessary actions in a timely manner to address external audit findings and recommendations.

Oversight of Internal Audit

(a) In consultation with the Chief Auditor of Citigroup or his/her designee, review and recommend to the Board for approval the appointment and replacement of the Chief Internal Auditor who shall report directly to the Audit Committee and to the Chief Auditor of Citigroup or his/her designee; and, in consultation with the Chief Auditor of Citigroup or his/her designee discuss the Chief Internal Auditor's base compensation, adjustments and incentive compensation.

(b) Review and discuss any significant Internal Audit findings that have been reported to management, management's responses, and the progress of the related corrective action plans.

(c) Review and evaluate on at least an annual basis the adequacy of the work performed by the Chief Internal Auditor and Internal Audit, and ensure that Internal Audit is independent and has adequate resources to fulfill its duties, including implementation of the annual audit plan.

(d) Review on at least on bi-annual basis the effectiveness of the internal technology audit function.

(e) Approve all significant aspects of outsourcing arrangements for Internal Audit. Internal Audit will

retain oversight of its outsourced arrangements and will report identified audit deficiencies in a manner consistent with those provided by Internal Audit.

- (f) Review and recommend the Internal Audit Charter to the Board for approval.
- (g) Monitor the board member's compliance with the Board's conflicts of interest policy.

In 2023, the Audit Committee held separate discussion sessions with Internal Audit and the Independent Auditors without the presence of management.

Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements through briefings and updates by the Independent Auditors and the Finance function.

Nominations and Compensation Committee ("NCC")

The NCC of the Bank comprises three (3) members who are all INEDs. The NCC is chaired by an INED, Dato' Philip Tan Puay Koon effective from 6 May 2023. Datuk Ali Abdul Kadir stepped down as NCC Chairman upon retiring from the Board on 6 May 2023. The NCC composition complies with BNM's requirements which provides that where a combined board nominations and compensation committee must not have any executive director in its membership.

The NCC's primary responsibility is to review and recommend the appointment and reappointment of Directors, the appointment of Board committee members, the CEO, the Chief Risk Officer, the Chief Internal Auditor, and the Chief Country Compliance Officer. The NCC also has broad oversight over compliance with bank regulatory guidance governing the Bank's remuneration system.

The key responsibilities of the NCC are as follows:

- Review and assess the adequacy of the Bank's Code of Conduct and other internal policies and guidelines and monitor that the principles described therein are being incorporated into the Bank's culture and business practices.
- Establish the minimum requirements for the Board, i.e. required mix of skills, experience, qualification and other core competencies required of a Director. The Committee is also responsible for establishing

minimum requirements for the CEO. The requirements and criteria should be approved by the full Board.

- Review the appropriateness of the size of the Board relative to its various responsibilities. Review the overall composition of the Board, taking into consideration factors such as business experience and specific areas of expertise of each Board member and make recommendations to the Board as necessary.
- Review and assess that the Directors do not have any directorship(s) that could potentially result in conflict of interest(s).
- Recommend to the Board the number, identify responsibilities of Board committees and the Chair and members of each committee. This includes advising the Board on committee appointments and removal from committees or from the Board, rotation of the committee members and Chairs and committee structures and operations.
- Assist the Board in developing criteria to identify and select qualified individuals who may be nominated for election to the Board, which shall reflect, at a minimum, all applicable laws, rules and governing regulations. This includes assessing Directors for re-appointment before an application for approval is submitted to BNM. The actual decision as to who shall be nominated should be the responsibility of the full Board.
- As the need arises to fill vacancies, actively seek individuals qualified to become Board members for recommendation to the Board.
- Periodically review and recommend to the Board the compensation structure for non-executive directors for Board and committee service.
- Recommend to the Board the removal of a Director / CEO from the Board/Shariah Committee member / senior management member, if the Director/ CEO /Shariah Committee / senior management member is ineffective, errant and negligent in discharging his responsibilities.
- Annually assess the effectiveness of the Board of Directors as a whole in meeting its responsibilities and the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the CEO.

20 ▪ Statement of Corporate Governance

- Leveraging on the Bank's Performance Management and Talent Inventory development process in overseeing the appointment, management succession planning and performance evaluation of key senior management officers, except that (as recommended by BNM) the Committee shall play an active role in reviewing and recommending the nominees for the position of CEO, Chief Compliance Officer, Chief Risk Officer and Chief Internal Auditor.
 - Assess the composition, appointment and reappointment of Shariah committee members and Chairman of the Shariah committee for recommendation to the Board.
 - Support the Board in actively overseeing the design and operation of the Bank's remuneration system.
 - Assess annually to ensure the Directors and key senior management officers are not disqualified under the Financial Services Act 2013.
 - Plan and ensure all Directors receive appropriate and continuous training programme in order to keep abreast with the latest developments in the industry.
- (b) Discuss with management the Bank's major credit, market, liquidity and operational risk exposures and steps that the management has taken to monitor and control such exposures, including significant processes for the Bank's risk assessment and risk management.
 - (c) Assess the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks.
 - (d) Ensure adequate infrastructure, resources and systems are in place for risk management, i.e. ensure that staff responsible for implementing risk management systems perform those duties independently of the Bank's risk taking activities.
 - (e) Annually review and consider for approval the Bank's credit risk framework.
 - (f) Periodic review of management reports on risk exposure, regulatory capital levels, capital structure, metrics, risk portfolio, composition, and other risk management activities.
 - (g) Review periodically with management, including Chief Risk Officer ("CRO"), Chief Compliance Officer and Legal Counsel, any correspondence with or action by, regulators or governmental agencies, any material legal affairs of the Bank and the Bank's compliance with applicable laws and regulations.
 - (h) Review the risk strategy and recommend the risk appetite to the Board for approval.
 - (i) Provide oversight to the strategic forecasting and stress testing processes including forecasting framework, models and non-model analyses and forecast results.

Risk Management Committee

The Risk Management Committee of the Bank comprises three (3) members who are all INEDs. The Risk Management Committee is chaired by an INED, Dato' Philip Tan Puay Koon. Datuk Ali Abdul Kadir stepped down as a member upon retiring from the Board on 6 May 2023 and Puan Norazilla Tahir was appointed as a member upon her appointment to the Board on 6 May 2023.

The Risk Management Committee is responsible for enterprise-wide risk, including having oversight of the operations of a risk management system and reviewing the adequacy of risk management practices for the material risks of the Bank.

The key responsibilities of the Risk Management Committee are as follows:

Oversight of Overall Risk Management

- (a) As the Bank falls under the global structure of Citigroup Inc., the Risk Management Committee reviews the adoption of Citi's risk management strategies, policies and risk tolerance and recommends these for the Board's approval.
- (b) Review reports from management concerning the Bank's regulatory capital levels and capital structure and metrics, as well as sufficiency relative to management's and/or regulatory standards.

Oversight of Market Risk and Risks Related to Capital Management

- (a) Review the Bank's balance sheet, capital, funding, interest rate and liquidity management framework, including significant policies, processes, and systems that management uses to manage exposures.

- (b) Review reports from management concerning the Bank's regulatory capital levels and capital structure and metrics, as well as sufficiency relative to management's and/or regulatory standards.

Other duties

- (a) Ensure that the Bank's CRO reports and has direct and unimpeded access to the Risk Management Committee.
- (b) Review and recommend to the Board for approval with respect to the appointment, transfer, removal, or other changes to the CRO position.
- (c) Provide oversight over technology-related matters, including the review of technology-related frameworks for Board's approval and ensure that risk assessments undertaken in relation to material technology applications submitted to the Bank are robust and comprehensive.
- (d) To perform any other duties or responsibilities expressly delegated to the Risk management Committee by the Board from time to time.
- (e) Receive updates, as necessary and appropriate, from management on climate risk.

Shariah Governance

The Bank through its Islamic Banking Window offers Shariah-compliant products and services to customers. In this regard, the Board has the oversight responsibility over the effective implementation of Shariah governance within the Bank's business operations and risk strategies. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Shariah Committee of the Bank which comprises scholars and/or Shariah qualified persons who specialize in various fields of Islamic finance.

Shariah Committee

The Shariah Committee members are as follows:

- Associate Professor Dr. Mushaddad bin Hasbullah (Chairman)
- Professor Dr. Muhammad Ridhwan bin Ab. Aziz
- Shahrir bin Sofian
- Dr. Mohd Hafiz bin Mohd Dasar

The main responsibilities of the Shariah Committee are as follows:

- Be responsible and accountable for all its decisions, views and opinions related to Shariah matters.
- Develop a structured process in arriving at Shariah decisions which must be documented, adopted and

maintained at all times to ensure the credibility of decision-making and protect the committee from undue influences.

- Perform an oversight role on Shariah matters via effective Shariah review and Shariah audit exercises.
- Ensure the disclose of sufficient information in Citibank's annual financial report on the state of compliance.
- Advise the Board and provide input to Citibank Berhad on Shariah matters.
- Endorse and approve documentation including without limitation, Shariah policies and procedures, terms and conditions contained in the forms, contracts, agreements or other legal documentations used in executing the transactions and product manual, marketing advertisements, sales illustrations and brochures used to describe the product.
- Provide the necessary assistance to the related parties of Citibank such as its legal counsel, auditor or consultant.
- Advise the Bank to consult the Shariah Advisory Council ("SAC") on Shariah matters that could not be resolved.
- Provide written Shariah opinions in circumstances where the Bank refers to the SAC for further deliberation, or where the Bank submits applications to BNM for new product approval.
- Perform any other duties or responsibilities expressly determined by BNM or the Board from time to time.

The Shariah Committee meets regularly. The Shariah Committee convened 3 meetings during the financial year 2023 to discuss Shariah related business proposals and issues. The Shariah Committee maintains records of all its discussions and presents the minutes of Shariah Committee meeting to the Board for notation.

In 2023, the Board and the Shariah Committee held a joint training session conducted by Tan Sri Dr Mohd Daud Baker on the topic of Islamic Banking Business for International Bank – A Comprehensive View, to discuss the current Islamic Banking landscape and opportunities in Islamic financing.

Risk Management

Please refer to Pillar 3 disclosure.

Statement on Internal Audit and Internal Control

Citibank Berhad's Board of Directors is responsible to establish and maintain adequate internal control over financial reporting standards and related issues.

The Bank's internal control system is designed to provide reasonable assurance to the Bank's management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with the provisions under the Companies Act 2016 and other applicable approved standards in Malaysia.

All internal control systems no matter how well designed and implemented have inherent limitations.

In view of the limitations, therefore, even the best of systems determined to be effective can only provide a reasonable assurance in relation to the preparation and presentation of financial statements.

A comprehensive system of controls is maintained to ensure that all transactions are executed in accordance with the management's authorisation, assets are safeguarded and that the financial records are reliable.

The management also takes relevant steps to see that information and communication flows are effective and monitor the performance of internal control procedures.

Citibank Berhad's risk management policies, procedures and practices set out the foundation to the risk architecture governing its business activities.

The management conducts business monitoring initiatives and continuously assesses their significant processes and controls in accordance with the Manager's Control Assessment Procedures/Operational Risk policy for all applicable businesses.

Control system weaknesses resulting in corrective actions will be documented, escalated to the management and tracked to closure.

Citibank Berhad's Internal Audit reports to the Audit Committee. The role of Internal Audit is to provide independent, objective, reliable, valued and timely assurance to the Board of Directors of Citigroup and Citibank Berhad, the Audit Committees, senior management and regulators over the effectiveness of governance, risk management, and controls that mitigate current and evolving risks and enhance the control culture within Citigroup and Citibank Berhad.

While audits are carried out on a risk-based approach, audit activities and plan are reviewed and endorsed by the Audit Committee to provide independent and objective reports on control activities.

The Audit Committee regularly reviews and deliberates with management on the actions taken on internal control issues identified in reports prepared by Internal

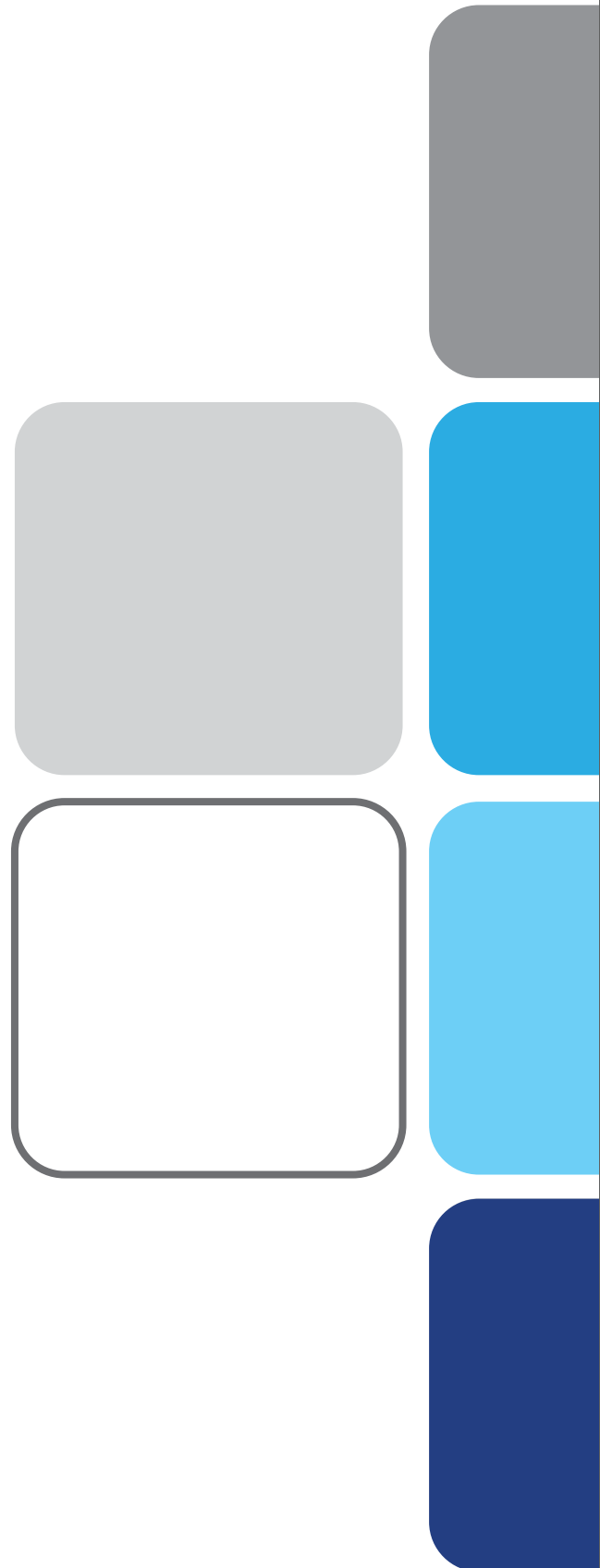
Audit, Independent Auditors, regulatory authorities and the management themselves.

The management of Citibank Berhad has also set up a Country Coordinating Committee, Business Risk Compliance and Control Committee, Asset and Liability Committee, Country Regulatory Change Management Governance Committee and Management Committee as part of its monitoring function to ensure effective management and supervision of the areas under the respective Committee's purview.

Citibank Berhad has also adopted the Citi Code of Conduct which expresses the values that each employee is expected to appreciate and apply in their respective working life.

Ethics hotlines are made available to employees who wish to voice concerns about suspected violations of law or industry regulation as well as actions that may fail to live up to the Bank's high standards of ethical conduct.

The Bank has an internal policy prohibiting retaliatory actions against any individual for raising legitimate concerns or questions regarding ethical matters, or for reporting suspected violations.



Citibank Berhad's Remuneration Policy

The following policy covers all employees in Citibank Berhad:

Compensation Philosophy

Employee compensation is a critical strategic tool in the successful execution of our goals. As long-term value creation requires balancing strategic goals, so does developing compensation programmes that incentivise balanced behaviours. The Group's and the Bank's Compensation Philosophy describes our approach to balancing the five primary objectives that our compensation programmes and structures are designed to achieve.

Objectives

Our compensation objectives, as outlined below, have been developed globally and approved by the Nominations and Compensation Committee of the Board of Directors (the "Committee"), in consultation with management, independent consultants and the Group's and the Bank's senior risk officers. They have been specifically created to encourage prudent risk-taking, while attracting the world-class talent necessary to see the Bank through to success and 'Be the Best for Our Clients'.

Compensation Objectives:

1. Align compensation programmes, structure and decisions with shareholder and other stakeholder interests;
2. Reinforce a business culture based on the highest ethical standards;
3. Manage risks by encouraging prudent decision-making;
4. Reflect regulatory guidance in compensation programmes; and
5. Attract and retain the best talent to lead the Bank to success.

Shareholder/Stakeholder Alignment

- Compensate executives through an objective framework that aims to strengthen the link between pay and performance by using a balanced scorecard approach with financial metrics and non-financial objectives that, in combination, are expected to improve risk-adjusted returns to shareholders;
- Provide meaningful portions of incentive compensation in the form of equity to help build a culture of ownership and to align employee interests with those of shareholders and other stakeholders;
- Defer the delivery of significant portions of incentive compensation with vesting over a number of years and tie the amounts delivered to longer-term performance of the Bank to better link long-term shareholder value creation to the interests of management and to enhance alignment with risk outcome;

- Provide for clawbacks in cases of improper risk-taking and material adverse outcomes in the years following the awarding of incentive compensation;
- Size incentive compensation to reflect company performance as well as industry and environmental factors, while maintaining strong capital levels; and
- Recognise capital planning outcomes in senior management incentive compensation awards, to improve alignment with both shareholder interests and regulatory guidance.

Ethics and Culture

- Promote conduct based on the highest ethical standards through performance assessments, incentive compensation programmes and, where appropriate, disciplinary actions, and communicate throughout the organisation that acting with integrity at all times is the foundation of our business; and
- Enhance a business culture that supports accountability and a zero-tolerance environment for unethical conduct, through appropriate compensation and employment decisions.

Risk Management

- Develop and enforce risk management controls that reduce incentives to create imprudent risks for the Group and the Bank and its businesses, and that reward a thoughtful balance of risk and return.
- Exercise discretion within a framework designed to make appropriate trade-offs between risk and reward.
- Encourage prudent risk-taking through multiple incentive compensation programme processes for all employees who manage or influence material risks, including:
 - a. rigorous performance management processes;
 - b. bonus pool funding and individual bonus determination processes that reflect risk adjusted performance; and
 - c. deferrals that keep a meaningful portion of incentives at risk for future performance outcomes.
- Evaluate incentive compensation programme results on an iterative basis, recognising that validation and

monitoring may result in future changes.

- Communicate clearly to all employees that poor risk management practices and imprudent risk-taking activity will lead to an adverse impact on incentive compensation, including the loss of incentive compensation and the reduction or elimination of previously awarded incentive compensation.
- Differentiate compensation decisions based on demonstrated risk management behaviours.
- Appoint only independent Directors to the Committee, to provide independent review and approval of the firm's overall compensation philosophy.
- Involve the Group's and the Bank's control functions, including Independent Risk, Compliance and Internal Audit, in compensation governance and oversight.

Regulatory Guidance

- Design incentive compensation programmes with the recognition that global regulation of bank incentive compensation is evolving and that the programmes must be responsive to emerging trends and best practices.
- Where appropriate, develop innovative and industry-leading approaches that reconcile regulatory considerations and other stakeholder interests in compensation structures and designs.
- Promote understanding of the design and implementation of incentive compensation programmes by outlining compensation policies, procedures and practices in public disclosures.

Attract and Retain Talent

- Compensate employees based on ability, contributions and risk-adjusted performance demonstrated over time, balanced with appropriate recognition for short-term results and contributions.
- Provide compensation programmes that are competitive within global financial services to attract the best talent to successfully execute the Bank's strategy.
- Differentiate individual compensation to reflect employees' current or prospective contributions, based

on both financial and non-financial performance such as risk and compliance behaviour, and to reward those employees who demonstrate ingenuity and leadership.

- Provide discretionary incentive compensation, including equity awards, that is variable within guidelines prescribed by management and the Committee using a rigorous objective framework of goal-setting and performance evaluation for all highly paid professionals.
- Clearly and consistently communicate the approach to compensation throughout the year, cascading such communications broadly to employees through key value statements such as the Code of Conduct and the statements and actions of senior management and managers generally.

Guiding Principles on Remuneration

General

1. As part of a global organisation, the Group's and the Bank's policy on remuneration follows mostly the global policies, programmes, or directions/guidelines where it is applicable to the local context. In formulating this remuneration policy, references are made to the respective global policies/practices where necessary while local consideration will also be included.
2. Fixed remuneration should be sufficiently competitive against our competitors in order to support the Group and the Bank to attract and retain talent based on individual circumstances and performance level.
3. Variable remuneration will be structured to encourage behaviour that supports the Group's and the Bank's long-term objectives and business strategies, and will not encourage excessive risk-taking that would otherwise jeopardise the Group's and the Bank's risk tolerance and long term financial soundness, while balancing the needs to attract and retain talent with the relevant skills, knowledge and expertise to discharge their specific functions.
4. The mix between fixed and variable remuneration depends on the importance of the employee's role within the organisation. In general, highly compensated employees will receive a greater percentage of their total annual compensation as variable remuneration. Of the variable remuneration awarded to highly compensated employees, a percentage, currently ranging from 15% to 60%, will be awarded as deferred variable remuneration under the Discretionary Incentive and Retention Award Plan (the "DIRA plan"). Currently, all employees, who receive annual variable remuneration that equals or exceeds the local currency of USD 75,000 will receive deferred variable remuneration under the DIRA plan. Employees who receive annual variable remuneration of greater than USD 75,000 will have a deferral of between 15% to 60% of the variable award in stock and the remainder in cash. Generally, deferred variable remuneration awarded under the DIRA plan is granted in the form of an equity award that vests in four equal annual instalments.
5. The payment or distribution of deferred variable remuneration requires that the employee satisfy pre-defined vesting conditions (and performance - based vesting conditions for Covered Employees). The pre-defined vesting conditions generally require that an employee remains actively employed by the Group and the Bank over the vesting period applicable to the award.
6. Generally, unvested deferred variable remuneration is subject to forfeiture upon employee's voluntary resignation. In addition, irrespective of an employee's employment status, an unvested deferred variable remuneration award is subject to forfeiture, in whole or in part, if the following Clawback provision is triggered:
 - a. The award is based on materially inaccurate publicly reported financial statements; or
 - b. Employee knowingly engaged in providing materially inaccurate information relating to publicly reported financial statements; or
 - c. Employee materially violated any risk limits established or revised by senior management and/or risk management; or
 - d. The employee engaged in misconduct resulting in summary dismissal or a material breach of the Code of Conduct.
7. It is important to differentiate performance among employees in order to support a pay for performance culture. In general, employees with a higher performance rating should be given a relatively higher reward as compared to employees with a

lower performance rating, and employees with unsatisfactory performance rating should not be given any reward.

8. Risk adjustment to the variable remuneration awarded to an individual employee will take any adverse performance in non-financial measures into account, and any adverse performance may result in a reduction or elimination of the variable remuneration awarded to an individual employee.
9. To avoid conflicts of interest, individual employees are not involved in the decision-making process in respect of their own remuneration.

Senior Management and Individual Key Personnel

1. The determination of the remuneration package of Senior Management and Key Personnel is reviewed and approved independent of the local management. With respect to the determination of the annual variable remuneration for Senior Management and Key Personnel, the process begins at the Regional Office of Asia Pacific Region, which initially reviews and approves annual variable remuneration for all countries in the region.
2. The determination and approval of bonus pool size and the respective allocation to the regional products and functions are conducted at the global level. In addition to financial performance, the pool calculations are based on a business scorecard approach which takes account of risk with increasing degrees of sophistication. Bonus pool amounts are reviewed and approved internally by the Global CEO and presented to the global Personnel and Compensation Committee for final approval.
3. Once the pool allocations are released to the region, regional management (which is independent of local management) will review the annual variable remuneration of the Senior Management and Key Personnel. The review will focus on linking performance to variable compensation. These recommendations will be reviewed and approved by the regional CEO before submitting to the global head office for further review and approval.

4. At the global level, the annual variable remuneration for Senior Management and Key Personnel will be reviewed and approved by the respective global management before they are presented to the global Personnel and Compensation Committee for final review.
5. The annual variable remuneration for Senior Management and Key Personnel who are identified as Covered Employees will be subjected to the Group's and the Bank's global policy on Covered Employees for determination of annual variable remuneration.
6. The ultimate approval of incentive pools will be by the Country Nominations and Compensation Committee of the Board of Directors before any compensation decisions are communicated to the employees.

Disclosure Requirement

Aggregated quantitative information on remuneration for Senior Management and Key Personnel, as well as key information on decision making process and plan characteristics of the remuneration system, as required under the local law shall also be disclosed to the public or to Bank Negara Malaysia ("BNM") as the case may be in a timely manner.

This information will be prepared for disclosure on an annual basis after the completion of the year-end process. Timeframe is usually around the end of the first quarter.

Remuneration Policy Oversight

Overall remuneration policy will be reviewed and approved by the Nominations and Compensation Committee of the Board of Directors, including when material changes are made to the policy to demonstrate that the Group and the Bank comply with BNM's Corporate Governance Guidelines. Such assessment is usually performed around the fourth quarter of the year.

Management Reports

The Bank's Directors are expected to attend Board meetings and meetings of committee on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

Information and materials that are important to the Board's understanding of the business to be discussed at a Board or committee meeting are distributed prior to the meeting, in order to provide time for review.

The Board and Board committee reports include, amongst others, the following:

- Financial performance report and scorecard
- Intercompany transactions
- Internal audit report
- Recovery indicator dashboard
- Climate risk management report
- Wholesale credit risk assessment report
- Risk management report on material risks
- Risk assessment scorecard on control environment and metrics performance
- Technology risk management and cyber resilience report
- Information security incidents
- Report of outsourcing arrangements
- Business continuity management report
- Regulatory compliance report
- Report of anti-money laundering and counter financing of terrorism risks
- Report of learning and development
- Whistle-blowing/ethics cases
- Report of Shariah compliance and regulatory changes
- Corporate affairs program

Ratings Statement

RAM Rating Services Berhad (“RAM”) has, on 12 December 2023, reaffirmed the AAA/Stable/P1 financial institution ratings (“FIR”) of Citibank Berhad.

The reaffirmation of Citibank Berhad's financial institution ratings incorporate its strategic importance to Citigroup Inc., and the expectation that support will be readily extended if required. The ratings also reflect the Bank's robust capitalisation and sturdy funding and liquidity profile, which have remained within our expectations. Meanwhile, the Bank's asset quality remained moderate given its sizeable unsecured consumer lending portfolio.

Bank Rating Symbols and Definitions:

- AAA** A financial institution rated AAA has a superior capacity to meet its financial obligations. This is the highest long - term FIR assigned by RAM Ratings.
- P1** A financial institution rated P1 has a strong capacity to meet its short - term financial obligations. This is the highest short-term FIR assigned by RAM Ratings.

Shariah Committee

Citibank Berhad's Shariah Committee is responsible for the provision of Shariah oversight in relation to Citibank Berhad's Islamic Banking business operations. The duties and responsibilities of the Shariah Committee are governed by the Shariah Governance Policy Document for Islamic Financial Institution as issued by the Bank Negara Malaysia.

For the year 2023, the Shariah Committee convened 3 times.

Citibank Berhad's Shariah Committee included the following distinguished members:

Assoc. Prof. Dr. Mushaddad bin Hasbullah

Assoc. Prof. Dr. Mushaddad bin Hasbullah (Mushaddad Hasbullah) is a highly accomplished scholar specializing in Islamic studies, particularly in the field of Shariah law and Islamic finance. He holds a Bachelors' Degree in Shariah Islamic Law from Islamic University of Madinah, Masters' and Ph.D. in Fiqh and Usul al-Fiqh both from International Islamic University Malaysia.

Currently, he is the Assoc. Prof. in Faculty Shariah & Law and also Director of Center of Awqaf and Zakat at Universiti Sains Islam Malaysia. With over a decade of supervising experience and examiner at the master and Ph.D. levels for local and international universities, Mushaddad Hasbullah has imparted knowledge on subjects such as administration of property, Islamic legal maxims, fiqh al-mawarith (Islamic law of succession) and principles of Islamic jurisprudence. He actively contributes to the academic community as an author of various publications and also reviewer of various research journals in Islamic finance.

Mushaddad Hasbullah is not only an esteemed academic but also a seasoned consultant/adviser in Shariah. His expertise extends to international settings, demonstrated by his role as a Shariah Committee at Swiss Re Takaful Malaysia. Additionally, he has contributed to Sumitomo Mitsui Banking Corporation Malaysia Berhad as a member and later Chairman of the Shariah Committee. Currently, he is in the Shariah Committee of Citibank Berhad and Malaysian Life Reinsurance Group Berhad (Retakaful).

Beyond the financial sector, Mushaddad Hasbullah has participated in national-level consultations, notably with the Koperasi Sahabat Amanah Ikhtiar Malaysia and Nextgreen Global Berhad, offering insights on ensuring Shariah compliance. He has also engaged in digital projects like "Ezwasiat," showcasing his adaptability to contemporary platforms.

Mushaddad Hasbullah's multifaceted career encompasses extensive teaching, impactful research, and influential consultancy, solidifying his status as a respected authority in Islamic studies and Shariah law.

Prof. Dr. Muhammad Ridhwan bin Ab. Aziz

Professor Dr Muhammad Ridhwan Ab. Aziz is a Professor of Islamic Banking and Finance at the Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (“USIM”). He received his Bachelor’s Degree of Business Administration (Hons.) in 2001, Master Degree in Islamic Studies, specialising in Islamic Banking in 2008 and Doctorate in Islamic Banking in 2011 from University of Malaya. He is an Assessor for academic program accreditation of Malaysian Qualification Agency (MQA) in the field of Islamic banking and Islamic finance. He is also an Arbitrator (Hakam) for Negeri Sembilan Syariah Judiciary Department, Shariah Committee Member for EXIM Bank and Shariah Supervisory Board Member for Shuaa Funds OEIC ICC Limited, United Arab Emirates.

He is also Academic Advisor for Islamic finance program in various colleges, university colleges and university as well as Member of Editorial Boards for local and international journals. He is also involved as Panel of Interviewer for Biasiswa Yang Dipertuan Agong, Public Service Department /Jabatan Perkhidmatan Awam (JPA), Malaysia and Biasiswa Kementerian Pendidikan Malaysia, Ministry of Education Malaysia. He is actively involved in popular writing in various platforms such as Islamic Finance News (IFN), Harian Metro, Berita Harian, BERNAMA, Utusan Malaysia, Dewan Ekonomi and The Newsletter of Muamalat.

His area of expertise is in the field of Islamic banking and finance, Islamic commercial law, Islamic money and capital markets as well as Islamic social finance. Until now, he has supervised and graduated eighteen (18) master’s and PhD graduates mainly in the field of Islamic banking and finance as well as in Islamic social finance. He is involved as an internal and external examiner in thesis examinations for thirty-seven (37) master’s and PhD candidates in his area of expertise. He has been invited as speaker for keynote speaker, guest speaker, guest lecture, public lecture as well as inaugural lectures from local and international universities and institutions.

He has been awarded for various research and innovation awards such as best paper award, USIM top 100 researchers award, award for best selling book, publication award for prolific writer in social science cluster, active book writer award for English category as well as best research award in social science and iktisas arts. He also won gold and silver medal awards in local and international research and innovation competitions. He obtained certificate of copyright from Intellectual Property Corporation of Malaysia or Perbadanan Harta Intelek Malaysia for two innovative products namely

Bank Wakaf and Wakaf Kepakaran Profesional for duration of 100 years. He is also involved in various consultancy projects with external parties and collaborators such as Islamic Banking & Finance Institute Malaysia (IBFIM), Association of Islamic Banking Institutions Malaysia (AIBIM), Malaysia Productivity Corporation (MPC) and Perbadanan Wakaf Negeri Sembilan Sdn. Bhd. (PWNS/MAINS).

Until now, he has authored twenty-eight (28) books and thirty (30) chapters in books. He has also presented thirty-three (33) papers and published one hundred and thirty-six (136) articles in various national and international conferences and indexed journals. He is actively conducting research in forty-six (46) research projects in his area of expertise and is funded by various internal and external parties such as Ministry of Higher Education Malaysia, Majlis Agama Islam Negeri Sembilan (MAINS), Pusat Zakat Negeri Sembilan (PZNS), Yayasan Tun Ismail Ali, Permodalan Nasional Berhad (YTI/PNB), Yayasan Pembangunan Ekonomi Islam Malaysia (YAPEIM) and Al-Bukhary International University (“AIU”).

Shahrir bin Sofian

Encik Shahrir Sofian is a former Malaysia Central Banker with more than 30 years’ experience in industry. He obtained his Master in Actuarial Science (with distinction) at City University, London. He also holds a double degree in Economics from International Islamic University Malaysia and Islamic Studies (majoring in Shariah) from Universiti Kebangsaan Malaysia.

He had served in various departments with Bank Negara Malaysia (BNM) since 1987 namely Economic Department, Insurance Regulation Department, Financial Sector Development Department and Manager of Insurance Development Department. He also managed and led the compliance review processes.

He was involved in the formulation of Balance Score Card for Life Insurance/Family Takaful Agents under the LIFE framework, Development of Business Plan of the Insurance Development Department to be part of the BNM’s Business Plan, formulation of the policy document on direct channel, and the establishment of dedicated department (that is Islamic Banking and Takaful Department) to steer the progress and development of Islamic Financial System by providing justification for the establishment. He also has extensive experience in insurance regulations and operations.

As a Shariah Committee, he serves as Shariah Committee Member of Citibank Berhad since 18 June 2023 and at MNRB Group since 3 November 2020. Currently, he completed Level 2 of

Certified Shariah Advisor (CSA) Programme by Association of Shariah Advisors in Islamic Finance Malaysia (ASAS).

Dr. Mohd Hafiz bin Mohd Dasar

Dr. Mohd Hafiz bin Mohd Dasar is a lecturer at Academy of Islamic Civilisation, Faculty of Social Sciences and Humanities, Universiti of Technology Malaysia. Previously, he served as lecturer at School of Muamalat & Management at Kolej Universiti Islam Johor Sultan Ibrahim (KUIJSI) and also as the Director of the Centre of Waqf at the college university.

He earned his bachelor's degree in Islamic Revealed Knowledge and Heritage from the International Islamic University Malaysia (IIUM) in 2010, followed by a master's degree in Shariah from Al-Albayt University of Jordan in 2013. In 2021, he completed his PhD in the field of Shariah focusing on Islamic Derivative from the Universiti Kebangsaan Malaysia (UKM).

Hafiz possesses extensive knowledge in academic writing, specializing in Shariah, encompassing areas such as muamalat, Islamic philanthropy, Islamic finance, and Islamic banking. He has authored numerous journal articles and academic books focusing on Islamic philanthropy and Islamic banking. In the realm of research, he has overseen three industrial research projects and actively participated in six internal and external university research initiatives.

Since 2018, Hafiz has served as a Shariah Panel Consultant for the International Research Center of Islamic Economics and Finance (IRCIEF) at Selangor Islamic University (UIS). Additionally, he previously held a position as a Steering Committee member for the Establishment of Sadaqa House at Bank Islam Malaysia Berhad. At the state level, Hafiz is a member of the Qard Al-Hasan Baitulmal Fund at the Majlis Agama Islam Johor (MAINJ) and holds a position as a book review panel member at the Jabatan Agama Islam Negeri Johor (JAINJ)

In summary, Citibank Berhad's Shariah Committee comprises of the following qualified members and attendance to the Shariah Committee meetings during FY 2023 is as follows:.

Member	No. of meetings
Assoc. Prof. Dr. Mushaddad bin Hasbullah – Chairman (Appointed on 1 December 2023, attended one meeting on 14 December 2023)	1/1
Prof. Dr. Muhammad Ridhwan bin Ab. Aziz	3/3
Encik Shahrir bin Sofian (Appointed on 19 June 2023)	3/3
Dr. Mohd Hafiz bin Mohd Dasar (Appointed on 2 August 2023)	3/3



Customer Engagement and Service Delivery

Enhancements in client experience is a key focus as we continue to review our engagement strategies, relationship and service coverage, technological advancement, particularly on electronic banking and self-service offerings.

Throughout the year, we have been dedicated to elevate our service delivery. Our commitment to providing exceptional service to our clients has resulted in improved satisfaction scores. The Voice Of Client (VOC) scores for this year has shown an increase, particularly in the Very Satisfied rating. The average VOC pulse score for 2023 was 96% and the average Very Satisfied rating was 72% compared to 96% and 70% respectively for 2022. This was achieved through accolades and positive client feedbacks through-out the year.

To ensure that our clients have access to their data on a real-time basis, we focused on client education on our self-service facilities that is available via our CitiDirect platform. We saw a significant increase in our Citi Payment Insights (CPI) adoption by clients, which was 94% in 2023 as compared to 84% in 2022. CPI allows the clients to have real-time access and the ability to track their payments that were made via CitiDirect and CitiConnect within our network and the SWIFT GPI platform. In addition, we continue to enhance the CitiDirect platform to meet the growing needs of clients, notably the ability to customize each user requirement. More than 500 users have attended the CitiDirect training in 2023.



Our Commitment to Community



Our commitment to societal impact is deeply ingrained in our global operations. Leveraging our extensive resources and expertise, we actively engage in initiatives that empower communities and address pressing social challenges. Our targeted approach to community service utilises the full spectrum of the firm's capabilities, knowledge, and talent.

Youth Entrepreneurship and Women's Empowerment

In 2023, we proudly supported the Asia School of Business' Rapid Youth Success Entrepreneurship (RYSE) Program. This innovative Malaysian initiative focuses on empowering youth through entrepreneurship and employability programs, aiming to foster upward mobility and reduce youth unemployment rates.

Similarly, our collaboration with the Young Women's Christian Association (YWCA) of Kuala Lumpur aims to enhance employability and provide entrepreneurial training for girls and marginalised women. This program not only equips women with vital skills for entrepreneurship but also boosts their self-esteem and confidence.





Building Young Leaders

Our ongoing partnership with Teach for Malaysia focuses on developing young leaders through a student leadership program. We supported their focus on social and emotional learning, communication skills, resilience, and entrepreneurship.

In November 2023, we co-organized The Student Leadership Summit: an innovative student-led event at Menara Citibank. This pioneering occasion, which focused on student empowerment, marked a pivotal moment in shaping the future of education.

Bringing together 100 students, the event facilitated impactful adult-student dialogues and workshops, inspiring a wave of quality education that can positively impact every student in the country. The summit exemplified our dedication to fostering dialogue, providing workshops, and empowering the next generation, underscoring our role in advancing educational excellence.

To bring the summit to fruition, 12 mentors from the bank worked with the student committee on marketing, event management, and stakeholder engagement over a span of three months. Our most profound appreciation goes to these dedicated Citibankers.

CEO Vikram Singh actively participated in a student-adult dialogue during the summit, emphasising the importance of the collective student voice. He shared valuable insights, highlighting that hard work, taking ownership, and a sense of curiosity are vital qualities of becoming a great leader.

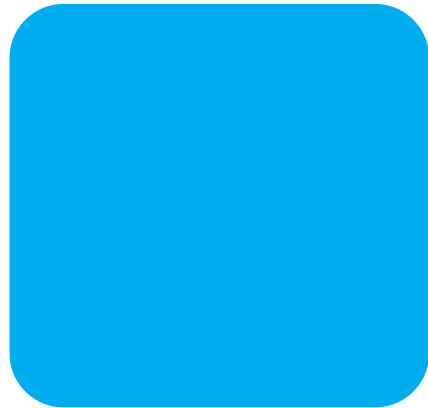
Additionally, a pre-summit student engagement session was held with our management team, who provided career tips and insightful advice to help students in their leadership journey. Students were also given an introduction to the bank by our HR team, further enhancing their understanding of our bank's values and opportunities.



Global Community Day

As part of the bank's annual Global Community Day, our Malaysian volunteers actively contributed to 40 community programs in Kuala Lumpur and Penang. From delivering groceries to low-income families, rescuing surplus produce, cooking meals for people experiencing homelessness, and providing tuition classes for children in low-cost housing, our volunteers made a meaningful impact.

In June 2023, our volunteers focused on food security initiatives, emphasizing our dedication to supporting low-income communities through various programs. To underscore our commitment, the bank pledged RM 80,000 to four Food Security NGOs, reinforcing our dedication to creating positive change in the communities we serve.



Developing Our People

Employee Well-being

The physical, mental and emotional well-being of our employees is an essential part of Life@Citi. We ensure this through a variety of best-in-class employee policies, benefits and tie up's with leading providers in the market.

Our hybrid working policy is now well-ingrained in the way we work, with our employees working from our office three days a week and having the flexibility of two days at home. This creates an optimal balance of learning together through personal engagement, whilst being able to cater to personal needs.

We were delighted to re-launch a state-of-the-art gym in Menara Citibank which has seen a very healthy uptake from our employees. We continue to host a variety of on-site and virtual health and well-being related camps, sessions and talks for our employees to benefit from.

Our Employee Assistance Policy provides a confidential avenue for employees to seek out the support they may need for their mental and emotional well-being.



Capability Building in both Leadership & Technical Skills

There is significant focus towards building a mindset of continuous learning and upskilling our employees.

We draw benefit from the vast global and best-in-class learning resources at the disposal of our employees, well complemented by programs and initiatives in the local market that enhance their knowledge and skills in line

with local nuances. Our Learning Needs Analysis gives us a good view of the evolving skills landscape and helps us to provide well-informed resources to our employees for building their personal development plans.

The offerings were categorized as: -

Executive Education Programs

In partnership with the Asian Banking School (ABS), we focused on the first 3 layers of employee group being the CEO, CEO – 1 & 2. In 2023, we sent eight delegates for programs focused on preparing future leaders for fast evolving and increasingly complex and digital world.

Sharpening Technical Capability

Based on the learning analysis, technical skills were identified and suitable courses were rolled out in a wide variety of areas such as Data Visualization & Storytelling, Project Management, Negotiation & Communication skills etc.

Market driven banking technical related knowledge programs were also conducted on topics such as International Trade, Cryptocurrency, Understanding FoRex and its Application in Banking, ESG etc. this was also in partnership with the Asian Banking School (ABS).

ESG Knowledge building has been an area of focus given our global commitment to ESG and well aligned with the local regulatory focus towards this important theme. Several workshops were conducted including one for the Board Members and Management Team hosted by our Regional Chief Sustainability Officer. We also had several employees undergoing the Certificate in Climate Risk (CICR) through the Asian Institute of Chartered Bankers (AICB).

Considering the rise in Islamic banking products and a push towards upskilling our board and management, a session was also held, facilitated by YBhg. Tan Sri Dr Mohd Daub Baker a well renowned Islamic Banking Practitioner.

Leadership Development

Building strong managerial skills and a deep leadership pipeline is a critical part of our talent agenda. After a hiatus due to the pandemic, we brought our teams together to create greater opportunities for experiential learning and bonding in engaging ways.

Our strategy includes: -

Building Manager Capability (For New Managers) –Equipping our new managers with the skills required to

lead a team holistically.

Building Manager Capability (For Experienced Managers) – The Leadership Lab series offered a myriad of relevant topics such as Creating Change Agility, Navigating Difficult Conversations and Power of Great Questions.

Team Engagement / Collaboration / Cohesiveness – We also focused our efforts to build great team engagement & collaboration through multiple teambuilding series where we provide learning through games, critical thinking activities and discussion on our Leadership Principles which are “We Deliver with Pride”, “We take Accountability” and “We succeed together”.

Digital Learning / Self-paced Learning

We are proud to partner with world class digital providers such as Harvard Manage Mentor, Udemy, Nomadic, Mindtools, etc. to provide a one-stop-centre for employees to explore self-learning through the Degreed platform. Key regulatory, compliance, internal policies and security updates have been launched effectively through the same platform. We have seen strong employee uptake and helping to create a culture of self-learning.

Commitment to DEI

Having a diverse workforce and an equitable and inclusive environment is a way of life for us.

Our strong diversity policy framework extends across the areas of hiring, development, retention, benefits and work culture. It is a matter of great pride for us that the bank has a majority women workforce and over 50% representation of women even in our Assistant Vice President & above roles.

In addition to leadership commitment and involvement, we have a very active women’s network where male allies and women employees participate actively in creating programs and initiatives that aid the development of our women employees and enhance our inclusive work culture.

Some notable key initiatives in 2023 included an inspirational talk titled “Advocating Resilience and Equity” with the celebrated Malaysian sportswoman, Sarina Sundara Rajah as guest speaker. Sarina’s message on resilience and determination was a powerful reminder of the incredible strength of women athletes.

Other Citi Women Network activities included roundtables on “Bounce Back: Resilience at Work” “Power of Networking

and Aspirational Goals” the latter of which was an opportunity to network with senior leaders of the bank. We also actively leverage the #IAmRemarkable workshops, a Google initiative empowering women and other underrepresented groups to celebrate their achievements in the workplace and beyond, through internally certified facilitators.

We also have a very well received initiative- a series of outdoor walks in KL and Penang, where mentors and mentees get together in an informal setting to exchange thoughts and ideas.

Hiring, Talent Attraction and external engagement

We remain steadfast in our commitment to cultivate a robust and diverse workforce through a dual focus on internal talent development and external recruitment. In 2023, we successfully hired for a host of roles with a very healthy internal mobility rate of 45% and infused strong external talent into the franchise across levels.

Our active engagement with universities and job seekers continued this year at the 2023 Graduan® Aspire career fair, a pivotal career fair where we connected with over 50,000 job seekers alongside 100+ top employers in Malaysia. This year’s event was particularly exciting as it marked the return to in-person engagement after four years of virtual participation.

The bank extended its global reach by participating in an employer branding and networking event facilitated by the Malaysian Government Agency – TalentCorp Malaysia Berhad (TalentCorp). This initiative aimed to showcase our unique brand and discuss job opportunities for Malaysian professionals and students located abroad as well as an initiative with TalentCorp towards Women Talent returning to the workforce.

We continue to make effort to underscore our dynamic Employer Value Proposition to attract the best talent to the bank.

Sportsmanship

Employees have also shown true sportsmanship when we sent two teams to the regional Citi ASEAN+ Soccer Challenge 2023. Malaysia sent a men’s and women’s team to showcase talent and teamwork. The men’s team put up a valiant effort, finishing strong in fourth place, while our women’s team made an impressive debut in the tournament.

We also sent 12 players to the CTOS Inter Financial Institutions Badminton Championship 2023. It was a day where the teams gave their best in the spirit of sportsmanship.



Directors' Report

for the year ended
31 December 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and the Bank for the financial year ended 31 December 2023.

• Principal activities

The Bank is principally engaged in banking and related financial services that also include Islamic Banking business whilst the principal activities of the subsidiaries are stated in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

• Immediate and ultimate holding companies

The Bank's immediate holding company and ultimate holding company as regarded by the Directors during the financial year and until the date of this report are Citigroup Holding (Singapore) Pte. Ltd. and Citigroup Inc. respectively. Both are incorporated in Singapore and the United States of America respectively.

• Subsidiaries

The details of the Bank's subsidiaries are disclosed in Note 12 to the financial statements.

• Results

	Group and Bank RM'000
Profit before taxation	1,015,399
Tax expense	(247,099)
Profit for the year	<u>768,300</u>

• Reserves and provisions

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

• Dividends

Since the end of the previous financial year, the Bank paid a final ordinary dividend of 862.8 sen per ordinary share totalling RM1,050,000,000 in respect of the financial year ended 31 December 2022 on 30 June 2023.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2023 is 877.8 sen per ordinary share totalling RM1,068,300,000.

• Bad and doubtful debts and financing

Before the financial statements of the Group and the Bank were made out, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and financing and the making of provisions for impaired debts and financing, and satisfied themselves that all known bad debts and financing had been written off and adequate provisions made for impaired debts and financing.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts and financing, or the amount of the provision for impaired debts and financing, in the financial statements of the Group and the Bank inadequate to any substantial extent.

▪ Current assets

Before the financial statements of the Group and the Bank were made out, the Directors took reasonable steps to ascertain that the value of any current assets, other than debts and financing, which were unlikely to be realised in the ordinary course of business, as shown in the accounting records of the Group and the Bank, have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.

▪ Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and the Bank misleading or inappropriate.

▪ Contingent and other liabilities

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

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (b) any contingent liabilities in respect of the Group or the Bank that has arisen since the end of the financial year other than those incurred in the ordinary course of business.

No contingent or other liability of the Group and the Bank 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 substantially affect the ability of the Group and the Bank to meet their obligations as and when they fall due.

▪ Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and the Bank, that would render any amount stated in the financial statements misleading.

▪ Items of an unusual nature

The results of the operations of the Group and the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature, other than fee

income from transaction services as disclosed in Note 22 of the financial statements.

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, in the opinion of the Directors, likely to affect substantially the results of the operations of the Group and the Bank for the current financial year in which this report is made.

▪ Compliance with Bank Negara Malaysia's expectations on financial reporting

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that Bank Negara Malaysia's expectations on financial reporting have been complied with, including those as set out in the Guidelines on Financial Reporting.

▪ Directors of the Bank

Directors who served during the financial year until the date of this report are:

- Mark Fordyce Hart
- Dato' Philip Tan Puay Koon
- Abhijit Dattanand Kumta
- Vikram Singh (Appointed on 1 May 2023)
- Norazilla binti Md Tahir (Appointed on 6 May 2023)
- Datuk Ali bin Abdul Kadir (Retired on 6 May 2023)

Directors' interests in shares

The interests in the ordinary shares and options over shares of the Bank and of its related corporations of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of USD1 each			
	At 1.1.2023/ Date of Appointment	Bought/ Vested	Sold	At 31.12.2023
Shares in Citigroup Inc.				
Direct interests				
Mark Fordyce Hart	22,993	-	(5,093)	17,900
Vikram Singh ⁽¹⁾	1,860	-	-	1,860
Abhijit Dattanand Kumta	3,085	1,320	-	4,405
Dato' Philip Tan Puay Koon	916	-	-	916

	Number of ordinary shares of USD1 each			
	At 1.1.2023/ Date of Appointment	Granted	Vested	At 31.12.2023
Capital Accumulation Programme/ Supplementary CAP/SEA in Citigroup Inc.				
Vikram Singh ⁽¹⁾	2,023	-	-	2,023
Abhijit Dattanand Kumta	2,331	1,460	(881)	2,910

⁽¹⁾ Vikram Singh appointed as Director on 1 May 2023

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares and options over ordinary shares of the Bank and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Group and the Bank RM'000
Directors of the Bank:	
Fees	540
Remuneration	2,172
Benefits-in-kind	165
	2,877

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate except for certain Directors who have participated in a discretionary incentive and retention award programme that provides the Directors (in their capacity as employees of Citigroup subsidiaries) with shares of Citigroup Inc.'s common stock in the form of restricted stock awards.

▪ **Issue of shares and debentures**

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

There were no debentures issued during the financial year.

▪ **Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Bank during the financial year.

▪ **Indemnity and insurance costs**

During the financial year, the total amount of insurance cost effected for Directors and officers of the Bank is RM24,674.

There is no indemnity and insurance cost effected for auditors of the Bank.

▪ **Auditors**

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

Auditors' remuneration for the financial year is RM352,530 for the Group and RM350,000 for the Bank. Details of the auditors' remuneration are set out in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Vikram Singh
Director

Norazilla binti Md Tahir
Director

Kuala Lumpur

Date: 12 June 2024

Statement By Directors

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

In the opinion of the Directors, the financial statements set out on pages 51 to 139 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 the Bank as at 31 December 2023 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:

Vikram Singh
Director

Norazilla binti Md Tahir
Director

Kuala Lumpur

Date: 12 June 2024

Statutory Declaration

pursuant to Section 251(1)(b)
of the Companies Act 2016

I, **Tang Wan Chee**, the officer primarily responsible for the financial management of Citibank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 139 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Tang Wan Chee, NRIC: 640901-10-7346, MIA CA12894, at Kuala Lumpur in the Federal Territory on 12 June 2024 .

Tang Wan Chee

Before me:

Commissioner for Oaths

Shariah Committee's Report

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

We, members of Citibank Berhad's Shariah Committee hereby confirm that we have reviewed the principles and the contracts relating to the transactions and applications introduced by Citibank Berhad's Islamic Banking division during the financial year ended 31 December 2023.

We have also conducted our review to form an opinion as to whether Citibank Berhad's Islamic Banking division has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah resolutions decided by us.

The management of Citibank Berhad's Islamic Banking division is responsible for ensuring that the Citibank Berhad's Islamic Banking division conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Citibank Berhad's Islamic Banking division, and to report to you.

We have assessed the work carried out by Shariah Control Officer with the oversight from Independent Compliance Risk Management and Independent Risk Management and internal Shariah audit which included, but not limited to, examining, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the Citibank Berhad's Islamic Banking division.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Citibank Berhad's Islamic Banking division has not violated the Shariah principles.

We confirmed that no Shariah non-compliant ("SNC") event was reported during the financial year ended 31 December 2023.

We noted that the Bank operations may lead to non-halal income, such as income received from the SNC securities maintained by client where the Bank acts as the custody. This stream of income is unavoidable and shall be segregated from Bank's income for the purpose of channelling to charity.

Within this financial year, the Bank had collected SNC income amounting to RM2,451 which has been purified accordingly.

We confirmed that as of 31 December 2023, the shareholding of Citibank Berhad is 100% owned by Citigroup Holding (Singapore) Pte. Ltd., hence no assessment was made on zakat payable.

In our opinion, for the financial year ended 31 December 2023, nothing has come to the Shariah Committee's attention that causes the Shariah Committee to believe that the operations, business, affairs and activities of Citibank Berhad involve any material Shariah non-compliances.

We, the members of Citibank Berhad's Shariah Committee, do hereby confirm that we have no personal interest in any dealings or transactions approved by Citibank Berhad and the operations of the Citibank Berhad's Islamic Banking division for the year ended 31 December 2023 have been conducted in conformity with the Shariah principles.

We beg Allah the Almighty to grant us success and lead us on the right path.

Wassalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

Assoc. Prof. Dr. Mushaddad bin Hasbullah
Chairman of the Shariah Committee

Prof. Dr. Muhammad Ridhwan bin Ab. Aziz
Member of the Shariah Committee

Encik Shahrir bin Sofian
Member of the Shariah Committee

Dr. Mohd Hafiz bin Mohd Dasar
Member of the Shariah Committee

Kuala Lumpur

Date: 12 June 2024

Independent Auditors' Report

to the members of
Citibank Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Citibank Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Bank, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 51 to 139.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Bank does not cover the Corporate Information, Directors' Report and Shariah Committee's Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the Corporate Information, Directors' Report and Shariah Committee's Report and, in doing so, consider whether the Corporate Information, Directors' Report and Shariah Committee's Report is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Corporate Information, Directors' Report and Shariah Committee's Report, we are required to report that fact. We have nothing to report in this regard.

▪ **Responsibilities of the Directors for the Financial Statements**

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

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

▪ **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

- 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 internal control of the Group and of the Bank.
- 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 ability of the Group or of the Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

▪ **Other Matters**

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

KPMG PLT
(LLP0010081-LCA & AF 0758)

Chartered Accountants

Petaling Jaya, Selangor

Date: 12 June 2024

Foo Siak Chung
Approval Number:
03184/02/2026 J
Chartered Accountant

Statements of Financial Position

as at 31 December 2023

	Note	2023 RM'000	Group 2022 RM'000	2023 RM'000	Bank 2022 RM'000
Assets					
Cash and short-term funds	4	4,067,367	10,970,624	4,067,347	10,970,604
Deposits and placements with banks and other financial institutions	5	548,718	500,586	548,718	500,586
Securities purchased under resale agreements		5,143,883	894,451	5,143,883	894,451
Investment securities	6	16,066,109	14,714,302	16,066,109	14,714,302
Loans, advances and financing	7	4,606,268	5,596,124	4,606,268	5,596,124
Other assets	9	1,350,239	1,266,185	1,350,239	1,266,185
Statutory deposits with Bank Negara Malaysia	10	1,000	177,702	1,000	177,702
Deferred tax assets	11	20,879	44,379	20,879	44,379
Investments in subsidiaries	12	-	-	20	20
Plant and equipment (including right-of-use assets)	13	67,655	60,322	67,655	60,322
Total assets		<u>31,872,118</u>	<u>34,224,675</u>	<u>31,872,118</u>	<u>34,224,675</u>
Liabilities					
Deposits from customers	14	21,402,077	19,797,999	21,402,077	19,797,999
Deposits and placements of banks and other financial institutions	15	4,385,664	7,065,236	4,385,664	7,065,236
Other liabilities	16	1,362,618	2,353,983	1,362,618	2,353,983
Provision for taxation		40,634	101,896	40,634	101,896
Total liabilities		<u>27,190,993</u>	<u>29,319,114</u>	<u>27,190,993</u>	<u>29,319,114</u>
Equity					
Share capital	17	502,000	502,000	502,000	502,000
Reserves	18	4,179,125	4,403,561	4,179,125	4,403,561
Total equity attributable to owner of the Bank		<u>4,681,125</u>	<u>4,905,561</u>	<u>4,681,125</u>	<u>4,905,561</u>
Total liabilities and equity		<u>31,872,118</u>	<u>34,224,675</u>	<u>31,872,118</u>	<u>34,224,675</u>
Commitments and Contingencies	36	<u>251,667,938</u>	<u>230,687,214</u>	<u>251,667,938</u>	<u>230,687,214</u>

The notes on pages 57 to 139 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2023

	Note	Group and Bank	
		2023 RM'000	2022 RM'000
Continuing operations			
Revenue	3(a)	2,020,619	1,423,704
Interest income	20	1,052,627	694,663
Interest expense	21	(315,498)	(179,703)
Net interest income		737,129	514,960
Net income from Islamic Banking operations	37(l)	31,614	33,369
Other operating income	22	936,378	695,672
Total net income		1,705,121	1,244,001
Other operating expenses	23	(689,888)	(657,139)
Operating profit		1,015,233	586,862
Write back of impairment on loans, advances and financing (Allowance for)/Write back of impairment on other assets	24	2,800	42,169
		(2,634)	1,642
Profit before taxation		1,015,399	630,673
Tax expense	25	(247,099)	(211,967)
Profit from continuing operations		768,300	418,706
Discontinued operation			
Profit from discontinued operation, net of tax	26	-	571,878
Profit for the year		768,300	990,584
Other comprehensive income/(loss), net of tax			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Debt investment securities measured at FVOCI			
- Net change in fair value		57,416	(23,167)
- Net transfer to profit or loss		(152)	799
Total other comprehensive income/(loss) for the year		57,264	(22,368)
Total comprehensive income for the year		825,564	968,216
Profit for the year attributable to:			
Owner of the Bank		768,300	990,584
Total comprehensive income attributable to:			
Owner of the Bank		825,564	968,216
Earnings per ordinary share – basic (sen):			
From continuing operations		631.3	344.1
From discontinued operation		-	469.9
	27	631.3	814.0

The notes on pages 57 to 139 are an integral part of these financial statements.

Statements of Changes In Equity

for the financial year ended
31 December 2023

Group and Bank	Note	Attributable to owner of the Bank					Total RM'000
		Non-distributable			Distributable		
		Share capital RM'000	Regulatory reserve RM'000	Other reserve RM'000	Retained profits RM'000	Total reserves RM'000	
At 1 January 2023		502,000	105,000	(66,013)	4,364,574	4,403,561	4,905,561
Fair value reserve on investment securities:							
- Net change in fair value		-	-	57,416	-	57,416	57,416
- Net change transferred to profit or loss		-	-	(152)	-	(152)	(152)
Total other comprehensive income for the year		-	-	57,264	-	57,264	57,264
Transfer from regulatory reserve		-	(40,000)	-	40,000	-	-
Profit for the year		-	-	-	768,300	768,300	768,300
Total comprehensive (loss)/ income for the year		-	(40,000)	57,264	808,300	825,564	825,564
Dividends to owner of the Bank	28	-	-	-	(1,050,000)	(1,050,000)	(1,050,000)
Total contribution to owner		-	-	-	(1,050,000)	(1,050,000)	(1,050,000)
At 31 December 2023		502,000	65,000	(8,749)	4,122,874	4,179,125	4,681,125
		Note 17				Note 18	

Group and Bank	Note	Attributable to owner of the Bank					Total RM'000
		Non-distributable			Distributable		
		Share capital RM'000	Regulatory reserve RM'000	Other reserve RM'000	Retained profits RM'000	Total reserves RM'000	
At 1 January 2022		502,000	-	(43,645)	4,728,990	4,685,345	5,187,345
Fair value reserve on investment securities:							
- Net change in fair value		-	-	(23,167)	-	(23,167)	(23,167)
- Net change transferred to profit or loss		-	-	799	-	799	799
Total other comprehensive loss for the year		-	-	(22,368)	-	(22,368)	(22,368)
Transfer to regulatory reserve		-	105,000	-	(105,000)	-	-
Profit for the year		-	-	-	990,584	990,584	990,584
Total comprehensive income/ (loss) for the year		-	105,000	(22,368)	885,584	968,216	968,216
Dividends to owner of the Bank	28	-	-	-	(1,250,000)	(1,250,000)	(1,250,000)
Total contribution to owner		-	-	-	(1,250,000)	(1,250,000)	(1,250,000)
At 31 December 2022		502,000	105,000	(66,013)	4,364,574	4,403,561	4,905,561
		Note 17				Note 18	

The notes on pages 57 to 139 are an integral part of these financial statements.

Statements of Cash Flow

for the financial year ended
31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities				
Profit before taxation from:				
Continuing operations	1,015,399	630,673	1,015,399	630,673
Discontinued operation	-	669,012	-	669,012
	1,015,399	1,299,685	1,015,399	1,299,685
<i>Adjustments for:</i>				
Accretion of discount less amortisation of premium of investment securities	(102,536)	32,735	(102,536)	32,735
Write back of loans, advances and financing	(2,800)	(42,169)	(2,800)	(42,169)
Allowance for/(Write back of) other assets	2,633	(1,642)	2,633	(1,642)
Depreciation of plant and equipment	15,568	16,044	15,568	16,044
Depreciation of right-of-use assets	4,504	11,358	4,504	11,358
Interest expense on lease liabilities	1,384	1,877	1,384	1,877
Unrealised (gain)/loss from revaluation of investment securities at FVTPL – debt instruments	(2,731)	1,920	(2,731)	1,920
Net (gain)/loss from sales of investment securities at FVTPL – debt instruments	(6,770)	14,769	(6,770)	14,769
(Gain)/Loss from sales of investment securities at FVOCI	(7,218)	2,977	(7,218)	2,977
Loss/(Gain) on revaluation of investment securities at FVTPL – equity instruments	2,649	(916)	2,649	(916)
Plant and equipment written off	2,759	1,599	2,759	1,599
Share-based compensation	1,026	781	1,026	781
Gain on sale of discontinued operation	-	(381,689)	-	(381,689)
Operating profit before working capital changes	923,867	957,329	923,867	957,329
Changes in working capital:				
Deposits and placements with banks and other financial institutions	(48,132)	242,232	(48,132)	242,232
Securities purchased under resale agreements	(4,249,432)	(497,929)	(4,249,432)	(497,929)
Investment securities at FVTPL	(298,837)	(121,269)	(298,837)	(121,269)
Loans, advances and financing	992,656	(213,017)	992,656	(213,017)
Other assets	(87,108)	86,414	(87,108)	86,414
Statutory deposits with Bank Negara Malaysia	176,702	(18,059)	176,702	(18,059)
Deposits from customers	1,604,078	3,263,477	1,604,078	3,263,477
Deposits and placements of banks and other financial institutions	(2,679,572)	1,568,028	(2,679,572)	1,568,028
Other liabilities	(992,491)	318,765	(992,491)	318,765
Cash (used in)/generated from operating activities	(4,658,269)	5,585,971	(4,658,269)	5,585,971
Interest paid in relation to lease liabilities	(1,384)	(1,877)	(1,384)	(1,877)
Income taxes paid	(302,993)	(207,875)	(302,993)	(207,875)
Net cash (used in)/generated from operating activities	(4,962,646)	5,376,219	(4,962,646)	5,376,219

54 • Statements of Cash Flows

for the financial year ended
31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities				
Purchase of plant and equipment	(28,582)	(19,743)	(28,582)	(19,743)
Purchase of investment securities at FVOCI	(24,623,876)	(13,064,684)	(24,623,876)	(13,064,684)
Redemption of investment securities at FVOCI	19,792,925	5,145,917	19,792,925	5,145,917
Proceeds from disposal of investment securities at FVOCI	3,973,155	2,038,389	3,973,155	2,038,389
Proceeds for disposal of discontinued operation, net of cash and cash equivalents disposed off and transaction cost (Note 26)	-	3,662,661	-	3,662,661
Net cash used in investing activities	<u>(886,378)</u>	<u>(2,237,460)</u>	<u>(886,378)</u>	<u>(2,237,460)</u>
Cash flows from financing activities				
Dividends paid to owner	(1,050,000)	(1,250,000)	(1,050,000)	(1,250,000)
Payment of lease liabilities	(4,233)	(10,773)	(4,233)	(10,773)
Net cash used in financing activities	<u>(1,054,233)</u>	<u>(1,260,773)</u>	<u>(1,054,233)</u>	<u>(1,260,773)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(6,903,257)</u>	<u>1,877,986</u>	<u>(6,903,257)</u>	<u>1,877,986</u>
Cash and cash equivalents at 1 January	<u>10,970,624</u>	<u>9,092,638</u>	<u>10,970,604</u>	<u>9,092,618</u>
Cash and cash equivalents at 31 December (Note 4)	<u>4,067,367</u>	<u>10,970,624</u>	<u>4,067,347</u>	<u>10,970,604</u>

(a) Cash outflows for leases as a lessee

	Group and Bank	
	2023	2022
	RM'000	RM'000
Included in net cash from operating activities:		
Interest paid in relation to lease liabilities	(1,384)	(1,877)
Included in net cash from financing activities:		
Payment of lease liabilities	(4,233)	(10,773)
Total cash outflows for leases	(5,617)	(12,560)

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Group and Bank	
		2023	2022
		RM'000	RM'000
Lease liabilities			
As at 1 January		30,739	85,049
Cash flows:			
- interest payments		(1,384)	(1,877)
- payment of lease liabilities		(4,233)	(10,773)
Non-cash changes			
- lease remeasurement		1,583	(1,775)
- interest accrued		1,384	1,877
- effect of disposal of Consumer Banking business		-	(41,724)
- others		1	(38)
As at 31 December		28,090	30,739
Dividend payable			
As at 1 January		-	-
Dividend declared		1,050,000	1,250,000
Dividend paid		(1,050,000)	(1,250,000)
As at 31 December		-	-

The notes on pages 57 to 139 are an integral part of these financial statements.

Notes to the Financial Statements

Citibank Berhad (“the Bank”) is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office are as follows:

Principal place of business

45th Floor, Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

Registered office

44th Floor, Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

The consolidated financial statements of the Bank as at and for the year ended 31 December 2023 comprise the Bank and its subsidiaries (together referred to as the “Group”).

The Bank is principally engaged in banking and related financial services that also include Islamic Banking business whilst the principal activities of the subsidiaries are as stated in Note 12 to the financial statements.

The immediate holding company is Citigroup Holding (Singapore) Pte. Ltd., a company incorporated in Singapore and the ultimate holding company is Citigroup Inc., a company incorporated in the United States of America.

The financial statements were authorised for issue by the Board of Directors on 12 June 2024 .

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements also incorporate those activities relating to Islamic Banking which have been undertaken by the Bank. Islamic Banking refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Bank:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements to the Group and the Bank.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Derivative financial instruments	Fair value
Non-derivative financial instruments at FVTPL	Fair value
Debt and equity securities at FVOCI	Fair value

(c) Functional and presentation of currencies

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Bank’s functional currencies. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3(e)(v) - Fair value estimation for financial assets and liabilities

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy in Note 3(e)(v).

- Note 3(f) - Impairment of financial assets

The Group and the Bank use internal credit risk grading system (“ORR”) and external risk rating to assess deterioration in credit quality of a financial asset. The concept and estimation of ECL is based on the likelihood and severity of credit events and their impact on cash shortfalls, which comprises the Probability of Default (“PD”), Loss Given Default (“LGD”), Exposure at Default (“EAD”), and discount rate using Effective Interest Rate (“EIR”).

- Note 13 - Extension options and incremental borrowing rate in relation to leases.

2. Changes in material accounting policies

(a) Material accounting policy information

The Group and the Bank adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group’s and the Bank’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in Note 3.

(b) Global minimum top-up tax

The Group and the Bank also adopted International Tax Reform – Pillar Two Model Rules upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see Note 11).

The temporary mandatory relief applies retrospectively. However, there was no new legislation enacted or substantively enacted to implement the top-up tax at 31 December 2022 in the jurisdictions in which the Group, its immediate holding company and its ultimate holding company operate. Therefore, the retrospective application has no impact on the Bank’s financial statements.

3. Material accounting policy information

The material accounting policy information set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Bank, unless otherwise stated.

(a) Revenue

Revenue comprises of gross interest income, other income derived from banking operations and net income from Islamic Banking operations.

(b) Interest and financing income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Bank estimate future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that were an integral part of the effective interest rate. Transaction costs include incremental costs that were directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statements of profit or loss and other comprehensive income include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis; and
- Interest on investment securities measured at FVTPL and FVOCI on an effective interest rate basis.

Interest income is recognised at gross basis for financial assets under Stage 1 and Stage 2 classification in the expected credit loss impairment model. However, interest income is recognised at net basis for financial assets under Stage 3 classification in the expected credit loss impairment model.

(c) Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate (see Note 3(b)).

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a

3. Material accounting policy information (continued)

(c) Fees and commission (continued)

loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period. When it is probable that a loan commitment will result in a specific lending arrangement, commitment fees are included in the measurement of the effective interest rate.

A contract with a customer that results in a recognised financial instrument in the Group's and the Bank's financial statements may be partially in the scope of MFRS 9 and partially in the scope of MFRS 15. If this is the case, then the Group and the Bank first apply MFRS 9 to separate and measure the part of the contract that is in the scope of MFRS 9 and then apply MFRS 15 to the residual.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(d) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

(e) Financial assets and financial liabilities

(i) Financial instrument categories and subsequent measurement

The Group and the Bank categorise financial instruments as follows:

Financial assets

On initial recognition, a financial asset is classified and measured at: amortised cost; fair value through other comprehensive income ("FVOCI") - debt investment; FVOCI - equity investment; or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group or the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the

following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest.

These assets are subsequently measured at amortised cost using effective interest rate method. These assets are stated net of unearned income and any impairment loss.

(b) Financial assets measured at FVOCI

FVOCI – debt investments

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest.

These assets are subsequently measured at fair value. Any gain or loss arising from a change in the fair value is recognised in the fair value reserve through other comprehensive income except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in profit or loss.

On derecognition or disposal, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

FVOCI – equity investments

On initial recognition of an equity investment that is not held for trading, the Group and the Bank may irrevocably

3. Material accounting policy information (continued)

(e) Financial assets and financial liabilities (continued)

(i) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Financial assets measured at FVOCI (continued)

FVOCI – equity investments (continued)

elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Any gain or loss arising from a change in the fair value is recognised in the fair value reserve through other comprehensive income except for dividends that are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

On derecognition or disposal, the cumulative gains or losses previously recognised in other comprehensive income are not reclassified to profit or loss.

(c) Financial assets measured at FVTPL

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

(ii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the asset is not retained or substantially all of the risks and

3. Material accounting policy information (continued)

(e) Financial assets and financial liabilities (continued)

(iii) Derecognition (continued)

rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group and the Bank have a legal right to set off the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's and the Bank's trading activity.

(v) Fair value measurement

The determination of fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotation, for financial instruments traded in active markets without any deduction for transaction cost. The Group and the Bank also use widely recognised valuation models for determining the fair value of common and

simpler financial instruments such as options, interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

The Group and the Bank use valuation techniques to determine the fair value of financial assets and liabilities where quoted prices in an active market are not available. The valuation techniques used for different financial instruments are selected to reflect how the market would be expected to price the instruments, using inputs that reasonably reflect risk-return factors inherent in the instruments. Depending upon the characteristics of the financial instruments, observable market factors are available for use in most valuations, while other valuations may involve a greater degree of judgement and estimation.

The value produced by a model or other valuation techniques is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statements of financial position.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Bank can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Material accounting policy information (continued)

(f) Impairment of financial assets

The Group and the Bank recognise loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI, but not to investments in equity instruments.

Under MFRS 9, credit loss allowances will be measured on each reporting date according to a three-stage expected credit loss impairment model under which each financial asset is classified in one of the stages below. The internal credit risk grading system (“ORR”) and external risk rating are used to assess deterioration in credit quality of a financial asset. There is an established Credit Rating mapping framework that enables accurate risk rating reporting across portfolio reports used by credit risk management. The assessment of whether credit risk has increased/decreased significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group and the Bank assume that the credit risk on a financial asset has increased significantly when it is more than 30 days past due.

(i) Stage 1: 12-months ECL

From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults expected over the next 12 months. These are obligors which have not shown a significant deterioration in their ORR. Generally, performing financial assets (<30 days past due) are classified in this stage.

(ii) Stage 2: Lifetime ECL – not credit-impaired

Following a significant increase in credit risk relative to the risk at initial recognition of the financial asset, a loss allowance is recognised equal to the full credit losses expected over the remaining life of the asset. These are obligors rated ORR 7 and those where there is a significant deterioration in ORR. Generally, underperforming financial assets (30-89 days past due and credit quality deteriorated with significant increase in

credit risk compared to Stage 1) are classified under this stage.

(iii) Stage 3: Lifetime ECL – credit-impaired

When a financial asset is considered to be credit-impaired, a loss allowance equal to the full lifetime expected credit losses will be recognised. These are generally obligors rated ORR 9 or 10. Generally, non-performing financial assets (>90 days past due) are considered to be credit-impaired account.

Measurement of ECL

The concept and estimation of ECL is based on the likelihood and severity of credit events and their impact on cash shortfalls, which comprises the Probability of Default (“PD”), Loss Given Default (“LGD”), Exposure at Default (“EAD”), and discount rate using Effective Interest Rate (“EIR”). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contractual cash flows and the cash flows that the Group and the Bank expect to receive. As expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due. For a financial asset in Stage 1, the Group and the Bank will utilise a 12-months PD, whereas a financial asset within Stage 2 and Stage 3 will utilise a lifetime PD in order to estimate an impairment allowance.

The Group and the Bank measure the ECL measurement for retail products under Stage 1 by estimating the 12-months forward looking loss rate. For financial assets within Stage 2 and Stage 3, the Group and the Bank measure the impairment allowance after taking into consideration of recoveries.

Credit-impaired financial assets

At each reporting date, the Group and the Bank assess whether financial assets carried at amortised cost and debt securities measured at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

3. Material accounting policy information (continued)

(f) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

- a breach of contract such as default or past due event;
- the restructuring of a loan or advance by the Group and the Bank on terms that the Group and the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Under the revised policy issued by BNM on Financial Reporting, if the repayment conduct of the loan is past due for more than 90 days or 3 months of either principal, interest or both, the loan shall be classified as impaired. The Group and the Bank apply this policy in addition to the above when determining if a loan is impaired.

Presentation of allowance for ECL in the statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, no loss allowance is recognised in the statements of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in profit or loss and other comprehensive income.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group and the Bank determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Bank's procedures for recovery of amounts due.

For wholesale, loans are written-off after all legal avenues for recovery have been fully exhausted, i.e. litigation completed against both the borrower and guarantor/s if any (foreclosure, winding-up, liquidation and/or bankruptcy as the case may be).

For secured loans, they are generally written-off after receipt of any proceeds from the realisation of collateral. In circumstances where the net realisation value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

For credit cards, the balances and related allowance for credit losses are generally written-off when payment is 180 days past due.

(g) Repurchase and resale agreements

Securities purchased under resale agreements are securities which the Group and the Bank had purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligations to repurchase the securities in its entirety are reflected as a liability on the statements of financial position. The securities sold under repurchase agreements are treated as pledged assets and continue to be recognised as assets in the statements of financial position.

Securities purchased under resale agreements are measured at amortised cost in the statements of financial position in accordance to the accounting policy information stated in Note 3(e)(i)(a).

(h) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. Material accounting policy information (continued)

(h) Plant and equipment (continued)

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- building improvements 8 years - 14 years
- furniture and equipment 2 years - 10 years

(i) Leases

(i) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group and the Bank allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Bank are a lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition exemption

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities from short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Bank recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Depreciation and impairment losses

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those plant and equipment as follows:

- right-of-use assets 2 years - 10 years

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(j) Bills and acceptances payable

Bills and acceptances payable measured at amortised cost represents the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

(k) Commitments and contingencies

The Bank issues financial guarantees, letter of credit and financing commitments but the nominal values of these instruments are not recorded in the statement of financial position. The same assessment criteria are used by the Group and the Bank in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet financing assets.

The measurement of credit loss for these irrecoverable off-balance sheet assets is based on a three-stage ECL model as described in Note 3(f).

(l) Deposits from customers and deposits and placements of banks and other financial institutions

Deposits from customers are stated at placement values and adjusted for accrued interest. Deposits and placements of banks and other financial institutions are stated at placement values.

4. Cash and short-term funds

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and balances with banks and other financial institutions	2,408	3,291	2,388	3,271
Money at call and deposit placements maturing within one month	4,064,959	10,967,333	4,064,959	10,967,333
	<u>4,067,367</u>	<u>10,970,624</u>	<u>4,067,347</u>	<u>10,970,604</u>

For the purpose of the statements of cash flows, cash and cash equivalents consists of cash and short-term funds.

5. Deposits and placements with banks and other financial institutions

	Group and Bank	
	2023 RM'000	2022 RM'000
Licensed banks	<u>548,718</u>	<u>500,586</u>

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

	Group and Bank	
	2023 RM'000	2022 RM'000
More than three months	<u>548,718</u>	<u>500,586</u>

6. Investment securities

(i) By measurement

	Group and Bank	
	2023 RM'000	2022 RM'000
At fair value		
Investment securities measured at FVTPL		
- Debt instruments	1,363,566	1,023,688
- Equity instruments	5,657	8,311
	<u>1,369,223</u>	<u>1,031,999</u>
Investment securities measured at FVOCI		
- Debt instruments	14,696,886	13,682,303
	<u>16,066,109</u>	<u>14,714,302</u>

6. Investment securities (continued)

(i) By measurement (continued)

The carrying amount of investment securities measured at FVOCI is its fair value. Accordingly, the recognition of a loss allowance does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss or retained earnings, and credit to other comprehensive income.

Movement of loss allowance by stage for investment securities measured at FVOCI is as follows:

Group and Bank	12-months ECL RM'000
At 1 January 2022	2,304
Changes in credit risk	799
At 31 December 2022/1 January 2023	3,103
Changes in credit risk	(152)
At 31 December 2023	2,951

(ii) By type

	Group and Bank	
	2023	2022
	RM'000	RM'000
Malaysian Government Treasury Bills	1,903,473	2,396,066
Malaysian Government Securities	6,079,001	6,173,649
Malaysian Government Investment Issues	3,433,692	4,850,157
Bank Negara Malaysia Bills	2,094,665	-
U.S. Treasury Notes	2,549,621	1,286,119
Unquoted securities	5,657	8,311
	<u>16,066,109</u>	<u>14,714,302</u>

7. Loans, advances and financing

(i) By measurement

	Group and Bank	
	2023	2022
	RM'000	RM'000
Loans, advances and financing measured at amortised cost	4,606,268	5,596,124
Gross loans, advances and financing	4,618,971	5,618,013
Less: Loss allowance	Note (8)(iv) (12,703)	(21,889)
Net loans, advances and financing	4,606,268	5,596,124

(ii) By type

	Group and Bank	
	2023	2022
	RM'000	RM'000
Overdrafts	224,898	244,809
Term loans/financing	340,403	356,567
Bills receivable	751,402	777,605
Trust receipts	256,790	567,647
Claims on customers under acceptance credits	367,360	547,244
Credit cards receivables	181,545	159,086
Revolving credit	2,499,929	2,969,467
	4,622,327	5,622,425
Unearned interest and income	(3,356)	(4,412)
Gross loans, advances and financing	4,618,971	5,618,013
Less: Loss allowance	Note (8)(iv) (12,703)	(21,889)
Net loans, advances and financing	4,606,268	5,596,124

7. Loans, advances and financing (continued)

(iii) By type of customer

	Group and Bank	
	2023	2022
	RM'000	RM'000
Domestic non-bank financial institutions		
- Others	481,892	446,058
Domestic business enterprises		
- Small and medium enterprises	94,129	230,301
- Others	3,839,025	4,704,474
Foreign entities	203,925	237,180
	4,618,971	5,618,013
	4,618,971	5,618,013

(iv) By interest/profit rate sensitivity

	Group and Bank	
	2023	2022
	RM'000	RM'000
Fixed rate		
- Other fixed rate loans/financing	3,656,648	4,645,635
Variable rate		
- Base rate	181,545	175,042
- Cost plus	780,778	797,336
	4,618,971	5,618,013
	4,618,971	5,618,013

7. Loans, advances and financing (continued)

(v) By sector

	Group and Bank	
	2023 RM'000	2022 RM'000
Primary agriculture	17,481	56
Mining and quarrying	75,435	66,852
Manufacturing (including agriculture based)	2,573,789	3,160,924
Electricity, gas and water	9,493	7,649
Construction	6,727	6,791
Wholesale, retail trade, restaurants and hotels	920,901	1,417,157
Transport, storage and communication	116,662	51,693
Finance, insurance, real estate and business services	779,500	788,700
Social and community services	67	108
Other sectors	118,916	118,083
	<u>4,618,971</u>	<u>5,618,013</u>

(vi) Residual contractual maturity

	Group and Bank	
	2023 RM'000	2022 RM'000
Maturing within one year	4,281,924	5,272,859
One to five years	329,649	336,959
Over five years	7,398	8,195
	<u>4,618,971</u>	<u>5,618,013</u>

(vii) By geographical distribution

	Group and Bank	
	2023 RM'000	2022 RM'000
Within Malaysia	<u>4,618,971</u>	<u>5,618,013</u>

8. Impaired loans, advances and financing

(i) Movements in impaired loans, advances and financing are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
At 1 January	13,809	276,393
Effect of disposal of Consumer Banking business	-	(252,939)
Classified as impaired during the year	30,583	21,424
Reclassified as performing during the year	(11,730)	(4,378)
Amount recovered	(24)	(25,027)
Amount written off	(7,003)	-
Others	525	(1,664)
	<u>26,160</u>	<u>13,809</u>
At 31 December	26,160	13,809
Lifetime ECL credit impairment	(3,843)	(10,912)
	<u>22,317</u>	<u>2,897</u>
Net impaired loans, advances and financing	<u>22,317</u>	<u>2,897</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less lifetime ECL credit impaired	<u>0.48%</u>	<u>0.05%</u>

(ii) Impaired loans, advances and financing by sector

	Group and Bank	
	2023	2022
	RM'000	RM'000
Primary agriculture	-	56
Mining and quarrying	20,278	31
Manufacturing (including agriculture based)	3,186	3,398
Wholesale, retail trade, restaurants and hotels	134	7,543
Transport, storage and communication	-	168
Finance, insurance, real estate and business services	2,562	2,613
	<u>26,160</u>	<u>13,809</u>

8. Impaired loans, advances and financing (continued)

(iii) Impaired loans, advances and financing by geographical distribution

	Group and Bank	
	2023 RM'000	2022 RM'000
Within Malaysia	26,160	13,809

(iv) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by loans, advances and financing.

Group and Bank	12-months ECL RM'000	Lifetime ECL not credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total RM'000
2023				
At 1 January	4,167	6,810	10,912	21,889
Transfer to 12-months ECL	313	(309)	(4)	-
Transfer to lifetime ECL not credit-impaired	(150)	352	(202)	-
Transfer to lifetime ECL credit-impaired	(7)	(1)	8	-
Loans/financing derecognised during the year (other than write-offs)	(13,177)	(28,196)	(7,002)	(48,375)
New loans/financing originated or purchased	15,008	27,340	1	42,349
Net remeasurement of loss allowance	(2,796)	(912)	7,089	3,381
Changes due to change in credit risk	434	(16)	44	462
Amount written off	-	-	(7,003)	(7,003)
At 31 December	3,792	5,068	3,843	12,703

8. Impaired loans, advances and financing (continued)

(iv) Loss allowance (continued)

Group and Bank	12-months ECL RM'000	Lifetime ECL not credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total RM'000
2022				
At 1 January	174,639	104,184	111,498	390,321
Effect of disposal of Consumer Banking business	(133,308)	(101,083)	(91,872)	(326,263)
Transfer to 12-months ECL	532	(532)	-	-
Transfer to lifetime ECL not credit-impaired	(146)	146	-	-
Transfer to lifetime ECL credit-impaired	(2)	-	2	-
Loans/financing derecognised during the year (other than write-offs)	(12,558)	(6,476)	(19,753)	(38,787)
New loans/financing originated or purchased	16,707	8,082	13,403	38,192
Net remeasurement of loss allowance	(1,890)	3,344	81	1,535
Changes due to change in credit risk	(39,807)	(855)	(2,447)	(43,109)
At 31 December	4,167	6,810	10,912	21,889

9. Other assets

	Group and Bank	
	2023 RM'000	2022 RM'000
Interest/Profit receivable	198,768	106,494
Other debtors, deposits and prepayments	497,709	272,325
Less: Loss allowance	(1,037)	(1,153)
	695,440	377,666
Derivative assets (Note 31)	654,799	888,519
	1,350,239	1,266,185

Movement of loss allowance by stage for other debtors and deposits is as follows:

Group and Bank	12-months ECL RM'000
At 1 January 2022	603
Charge for the year	550
At 31 December 2022/1 January 2023	1,153
Write-back for the year	(116)
At 31 December 2023	1,037

10. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia (“BNM”) to satisfy the Statutory Reserve Requirement (“SRR”) as per Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 where banking institutions are required to maintain balances in their Statutory Reserve Accounts (SRA) equivalent to a certain proportion of their eligible liabilities (EL), this proportion being the SRR rate.

Effective 20 March 2020, all banking institutions may recognise holdings of Malaysian Government Securities (“MGS”) and Malaysian Government Investment Issues (“MGII”) as part of their SRR compliance. This flexibility to banking institutions is available until 31 May 2021. Subsequently, BNM had made an announcement on 20 January 2021 that the flexibility is extended until 31 December 2022. As at 31 December 2022, there were no MGS measured at FVTPL and FVOCI recognised as part of SRR compliance.

As of 31 December 2023, the Bank maintains a surplus in excess of the requirement.

11. Deferred tax assets

Recognised deferred tax assets/(liabilities) are attributable to the following:

Group and Bank	Plant and equipment- Capital allowances RM'000	Right-of-use assets RM'000	Provisions RM'000	Reserves- Investment securities RM'000	Lease liabilities RM'000	Loss allowance RM'000	Total RM'000
At 1 January 2022	(5,051)	(22,380)	27,214	16,996	22,717	73,672	113,168
Recognised in profit or loss (Note 25)	467	14,808	8,548	-	(14,419)	(6,864)	2,540
Recognised in profit or loss (Note 25) - Change of rate due to Cukai Makmur	509	841	(3,941)	-	(922)	(483)	(3,996)
Effect of disposal of Consumer Banking business	-	-	(9,706)	-	-	(62,459)	(72,165)
Recognised in other comprehensive income	-	-	-	7,560	-	-	7,560
Recognised in other comprehensive income - Change of rate due to Cukai Makmur	-	-	-	(2,728)	-	-	(2,728)
At 31 December 2022/1 January 2023	(4,075)	(6,731)	22,115	21,828	7,376	3,866	44,379
Recognised in profit or loss (Note 25)	427	701	(6,636)	-	(636)	776	(5,368)
Recognised in other comprehensive income	-	-	-	(18,132)	-	-	(18,132)
At 31 December 2023	(3,648)	(6,030)	15,479	3,696	6,740	4,642	20,879

Deferred tax assets and liabilities are offset above as there is a legally enforceable right to set off current tax assets against current tax liabilities.

In 2022, there was one-off tax introduced (“Cukai Makmur”) by the Malaysian Government in the Budget 2022 whereby taxable profits above RM100 million would be taxed at a rate of 33% instead of 24% prevailing for the year of assessment 2022. The Cukai Makmur is no longer applicable for the year of assessment 2023.

11. Deferred tax assets (continued)

11.1 Global minimum top-up tax

As at 31 December 2023, the government of Malaysia has enacted new legislation to implement the global minimum top-up tax that only comes into effect in year 2025.

The Bank is a subsidiary where its immediate and ultimate holding companies are each incorporated in Singapore and the United States of America (“US”), respectively. As at 31 December 2023, Singapore and US have yet to enact legislation to implement global minimum top-up tax. Therefore, there is no tax impact for the year ended 31 December 2023.

Based on the Group’s and Bank’s initial assessment, if the Pillar 2 Tax had been applied in 2023, no current tax impact would be expected since Malaysia would be falling within the Transitional Country-by-country Safe Harbour.

11.2 Temporary mandatory relief from deferred tax accounting

The Group and the Bank have applied a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and accounts for it as current tax when it is incurred.

12. Investments in subsidiaries

	2023 RM’000	Bank 2022 RM’000
Unquoted shares at cost – in Malaysia	20	20

Details of the wholly owned subsidiaries are as follows:

Name of subsidiary	Principal activity	Principal place of business/ Country of incorporation	Effective ownership interest	
			2023 %	2022 %
Citigroup Nominees (Tempatan) Sdn. Bhd.	Nominee company	Malaysia	100	100
Citigroup Nominees (Asing) Sdn. Bhd.	Nominee company	Malaysia	100	100

All income and expenditure arising from the activities of the subsidiaries have been recognised in the Bank’s statement of profit or loss and other comprehensive income.

The subsidiaries are audited by KPMG PLT.

13. Plant and equipment

Group and Bank	Building improvements RM'000	Right-of-use assets RM'000	Furniture and equipment RM'000	Total RM'000
Cost				
At 1 January 2022	108,758	128,986	167,011	404,755
Additions	5,830	602	13,913	20,345
Reclassification	410	-	(410)	-
Adjustments	-	(3,808)	-	(3,808)
Effect of disposal of Consumer Banking business	(28,795)	(71,885)	(18,711)	(119,391)
Write-offs	(67,356)	-	(34,831)	(102,187)
At 31 December 2022/ 1 January 2023	18,847	53,895	126,972	199,714
Additions	630	-	27,952	28,582
Reclassification	(9)	-	9	-
Adjustments	-	1,583	-	1,583
Write-offs	(201)	-	(71,097)	(71,298)
At 31 December 2023	19,267	55,478	83,836	158,581
Accumulated depreciation				
At 1 January 2022	95,918	46,097	135,919	277,934
Charge for the year	5,010	11,358	11,034	27,402
Reclassification	146	-	(146)	-
Effect of disposal of Consumer Banking business	(21,395)	(31,606)	(12,355)	(65,356)
Write-offs	(66,659)	-	(33,929)	(100,588)
At 31 December 2022/ 1 January 2023	13,020	25,849	100,523	139,392
Charge for the year	1,994	4,504	13,574	20,072
Reclassification	(2)	-	2	-
Write-offs	(24)	-	(68,514)	(68,538)
At 31 December 2023	14,988	30,353	45,585	90,926
Carrying amounts				
At 1 January 2022	12,840	82,889	31,092	126,821
At 31 December 2022/ 1 January 2023	5,827	28,046	26,449	60,322
At 31 December 2023	4,279	25,125	38,251	67,655

Note (a)

13. Plant and equipment (continued)

(a) Right-of-use assets

The carrying amounts of the right-of-use assets comprise office buildings of RM24.92 million (2022: RM27.65 million) and vehicles of RM0.2 million (2022: RM0.4 million).

i) Extension options

Some leases of office premises contain extension options exercisable by the Group and the Bank up to three years before the end of the non-cancellable contract period. Where practicable, the Group and the Bank seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Bank and not by the lessors. The Group and the Bank assess at lease commencement date whether it is reasonably certain to exercise the extension options. The Group and the Bank reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group and the Bank has included all potential future lease payments under the extension options in the measurement of lease liabilities at the reporting date.

ii) Significant judgements and assumptions in relation to leases

The Group and the Bank assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Bank also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

14. Deposits from customers

(i) By type of deposits

	Group and Bank	
	2023	2022
	RM'000	RM'000
Demand deposits	19,449,834	18,110,406
Fixed deposits	1,952,243	1,687,593
	<u>21,402,077</u>	<u>19,797,999</u>

(ii) Maturity structure of fixed deposits are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Due within six months	1,922,444	1,651,944
Six months to one year	29,799	18,075
One year to five years	-	17,574
	<u>1,952,243</u>	<u>1,687,593</u>

14. Deposits from customers (continued)

(iii) By type of customer

	Group and Bank	
	2023	2022
	RM'000	RM'000
Government and statutory bodies	2,142,846	2,022,087
Business enterprises	18,581,230	17,375,474
Others	678,001	400,438
	<u>21,402,077</u>	<u>19,797,999</u>

15. Deposits and placements of banks and other financial institutions

	Group and Bank	
	2023	2022
	RM'000	RM'000
Bank Negara Malaysia	-	5,666
Licensed banks	2,300,021	3,037,083
Licensed financial institutions	2,085,643	4,022,487
	<u>4,385,664</u>	<u>7,065,236</u>

16. Other liabilities

	Note	Group and Bank	
		2023	2022
		RM'000	RM'000
Interest/Profit payable		9,717	10,900
Other creditors and accruals	(a)	637,161	1,309,198
Provision for commitments and contingencies		11,630	8,728
Derivative liabilities (Note 31)		676,020	994,418
Lease liabilities		28,090	30,739
		<u>1,362,618</u>	<u>2,353,983</u>

- (a) Included in other creditors and accruals of the Group and the Bank in 2022 was an amount refundable of RM277,536,000 to the Purchaser of the Consumer Banking business upon finalisation of the closing statement of the disposed Consumer Banking business in February 2023. The amount has been refunded to the Purchaser in February 2023. The effects of the disposal are disclosed in Note 26(b).

17. Share capital

	Group and Bank			
	Amount 2023 RM'000	Number of shares 2023 '000	Amount 2022 RM'000	Number of shares 2022 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	502,000	121,697	502,000	121,697

The holders of ordinary shares are entitled to receive dividend from time to time, as and when declared by the Bank, after obtaining the regulatory approval from Bank Negara Malaysia prior to the declaration of dividend. All ordinary shares are entitled to one vote per share at meetings of the Bank.

18. Reserves

	Note	Group and Bank	
		2023 RM'000	2022 RM'000
Retained profits		4,122,874	4,364,574
Regulatory reserve	(a)	65,000	105,000
Other reserve			
- Fair value reserve	(b)	(8,749)	(66,013)
Total reserves		4,179,125	4,403,561

(a) Regulatory reserve

The regulatory reserve is maintained in accordance with Bank Negara Malaysia's policy on Financial Reporting to maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserve of no less than 1% (2022: no less than 1%) of total credit exposures, net of loss allowance for credit-impaired exposures.

(b) Fair value reserve

The fair value reserve is in respect of unrealised fair value gains and losses on investment securities at fair value through other comprehensive income and the loss allowances arising from the investment securities at fair value through other comprehensive income, until the financial investments are derecognised.

19. Employee benefits

Share capital accumulation plan (CAP)

The Group and the Bank participate in equity-settled and cash-settled share-based compensation plan for the employees that is offered by the ultimate holding company, Citigroup Inc.. The fair value of the services received in exchange for the grant of the options is recognised as an expense in profit or loss over the vesting periods of the grant.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Group and the Bank revise their estimates of the number of options that are expected to vest and recognise the impact of the revision of original estimates, if any, in profit or loss.

The Group and the Bank have a number of capital accumulation programmes for the officers and employees. The Core CAP is a discretionary award of restricted shares. The number of CAP shares in a Core CAP award is calculated using a 25% discount from the market price of Citigroup common stock. Supplemental CAP is a discretionary retention award programme composed of an award of CAP shares. The difference between Supplemental CAP award and a Core CAP award is that generally, a Supplemental CAP is given in addition to the discretionary award package and the number of shares awarded will not be based on a discount from the market price of Citigroup common stock.

19. Employee benefits (continued)

Share capital accumulation plan (CAP) (continued)

CAP granted in 2023 typically vest 25% each year for four years, with the first vesting date occurring 12 months after the grant date. Shares acquired upon exercise of a CAP option generally may not be sold for two years following the exercise date.

	Group and Bank	
	2023 '000	2022 '000
Number of shares		
Outstanding at 1 January	22,582	19,569
Granted	8,924	10,637
Vested	(8,129)	(7,578)
Net transferred out	(1,348)	(20)
Cancelled	(497)	(26)
Outstanding at 31 December	<u>21,532</u>	<u>22,582</u>

	Group and Bank		
	2023	2022	
Details of CAP granted during the year:			
Expiry dates	Feb 15, 2027	May 15, 2027	Feb 9, 2026
Average grant price per ordinary share (RM)	232.96	232.96	292.24
Aggregated proceeds if shares are issued (RM'000)	1,963	116	3,109
Details of CAP vested during the year:			
Average exercise price per ordinary share (RM)	234.44	234.44	282.17
Aggregated issue proceeds (RM'000)	2,509	2,509	2,314
Fair value at date of vesting (RM'000)	1,906	1,906	2,138

Terms of the CAP outstanding at 31 December:

Grant year	Year of expiry	Grant price	Group and Bank	
			2023 '000	2022 '000
Feb 2018	Feb 2022	RM326.98	-	248
Feb 2019	Feb 2023	RM285.70	606	-
Feb 2019	Feb 2023	RM274.21	-	2,604
Feb 2020	Feb 2024	RM361.14	1,772	-
Feb 2020	Feb 2024	RM346.62	-	3,544
Feb 2021	Feb 2025	RM288.67	3,730	-
Feb 2021	Feb 2025	RM277.06	-	5,595
Feb 2022	Feb 2026	RM304.48	7,569	-
Feb 2022	Feb 2026	RM292.24	-	10,591
Feb 2023	Feb 2027	RM232.96	7,607	-
May 2023	May 2027	RM232.96	248	-
			<u>21,532</u>	<u>22,582</u>

20. Interest income

Group and Bank

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and advances [^]						
- Interest income other than recoveries from impaired loans	213,646	212,894	-	487,493	213,646	700,387
- Recoveries from impaired loans	151	5	-	47,894	151	47,899
	<u>213,797</u>	<u>212,899</u>	<u>-</u>	<u>535,387</u>	<u>213,797</u>	<u>748,286</u>
Money at call and deposit placements with financial institutions [^]	222,597	206,012	-	15	222,597	206,027
Investment securities						
- Investment securities measured at FVTPL	19,917	13,097	-	-	19,917	13,097
- Investment securities measured at FVOCI [^]	335,685	259,640	-	-	335,685	259,640
	<u>355,602</u>	<u>272,737</u>	<u>-</u>	<u>-</u>	<u>355,602</u>	<u>272,737</u>
Securities purchased under resale agreements [^]	156,715	11,094	-	-	156,715	11,094
	<u>948,711</u>	<u>702,742</u>	<u>-</u>	<u>535,402</u>	<u>948,711</u>	<u>1,238,144</u>
Accretion of discount less amortisation of premium [^]	103,916	(8,079)	-	-	103,916	(8,079)
Total interest income	<u>1,052,627</u>	<u>694,663</u>	<u>-</u>	<u>535,402</u>	<u>1,052,627</u>	<u>1,230,065</u>

[^] Interest income for these financial instruments are calculated using the effective interest rate method.

21. Interest expense

Group and Bank

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	91,001	72,728	-	14	91,001	72,742
Deposits from customers	209,819	100,886	-	103,570	209,819	204,456
Others	14,678	6,089	-	-	14,678	6,089
	<u>315,498</u>	<u>179,703</u>	<u>-</u>	<u>103,584</u>	<u>315,498</u>	<u>283,287</u>

The amounts reported above are interest expense calculated using the effective interest/profit rate method that relate to financial liabilities measured at amortised cost.

22. Other operating income

Group and Bank

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fee income:						
- Commission	33,793	37,876	-	19,472	33,793	57,348
- Service charges and fees	62,075	61,979	-	1,152	62,075	63,131
- Guarantee fees	10,766	8,201	-	-	10,766	8,201
- Bankcard fees	28,983	17,686	-	145,499	28,983	163,185
- Insurance premium	37	1,595	-	17,919	37	19,514
- Other fee income	111,683	89,121	-	30,824	111,683	119,945
	<u>247,337</u>	<u>216,458</u>	<u>-</u>	<u>214,866</u>	<u>247,337</u>	<u>431,324</u>
Trading income:						
- Net unrealised gain/(loss) from revaluation of investment securities at FVTPL - debt instruments	2,731	(1,920)	-	-	2,731	(1,920)
- Net gain from sales of investment securities at FVTPL - debt instruments	6,770	14,771	-	-	6,770	14,771
- Net gain/(loss) from sales of investment securities at FVOCI - debt instruments	7,196	(3,229)	-	-	7,196	(3,229)
	<u>16,697</u>	<u>9,622</u>	<u>-</u>	<u>-</u>	<u>16,697</u>	<u>9,622</u>
Other income:						
- Foreign exchange gain, net	349,433	569,982	-	12,697	349,433	582,679
- Gain/(Loss) from derivatives	114,787	(137,504)	-	1,165	114,787	(136,339)
- Net (loss)/gain on revaluation of investment securities at FVTPL - equity instruments	(2,649)	916	-	-	(2,649)	916
- Gain on sale of discontinued operation (Note 26)	-	-	-	381,689	-	381,689
- Fee income from transaction services*	212,766	37,418	-	-	212,766	37,418
- Others	(1,993)	(1,220)	-	(2,035)	(1,993)	(3,225)
	<u>672,344</u>	<u>469,592</u>	<u>-</u>	<u>393,516</u>	<u>672,344</u>	<u>863,108</u>
	<u>936,378</u>	<u>695,672</u>	<u>-</u>	<u>608,382</u>	<u>936,378</u>	<u>1,304,054</u>

* Fee income from transaction services is income arising from the Transition Services Agreement ("TSA") with the third party purchaser of the Bank's Consumer Banking Business that was disposed in 2022. Under the TSA arrangement, the Bank provides certain administrative and corporate services to the purchaser on a transitional basis until the full migration of the Consumer Banking Business is completed.

23. Other operating expenses

Group and Bank

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Personnel costs:						
- Salaries, allowances and bonuses	117,068	115,620	-	161,250	117,068	276,870
- Contributions to Employees' Provident Fund	20,703	19,798	-	25,209	20,703	45,007
- Staff benefits and other compensations	12,436	14,841	-	20,119	12,436	34,960
- Others	2,099	2,957	-	766	2,099	3,723
	<u>152,306</u>	<u>153,216</u>	<u>-</u>	<u>207,344</u>	<u>152,306</u>	<u>360,560</u>
Establishment costs:						
- Depreciation of plant and equipment	15,568	12,754	-	3,290	15,568	16,044
- Depreciation of right-of-use assets	4,504	11,358	-	-	4,504	11,358
- Interest expense on lease liabilities	1,384	1,877	-	-	1,384	1,877
- Hire of equipments relating to short-term leases	1,291	328	-	110	1,291	438
- Utilities	1,891	3,553	-	-	1,891	3,553
- Repairs and maintenance	14,806	4,416	-	4,463	14,806	8,879
- Plant and equipment written off	2,759	1,599	-	-	2,759	1,599
- Others	8,599	14,533	-	1,981	8,599	16,514
	<u>50,802</u>	<u>50,418</u>	<u>-</u>	<u>9,844</u>	<u>50,802</u>	<u>60,262</u>
Marketing expenses:						
- Advertisement and promotional expenses	1,327	2,219	-	26,977	1,327	29,196
- Others	323	167	-	8	323	175
	<u>1,650</u>	<u>2,386</u>	<u>-</u>	<u>26,985</u>	<u>1,650</u>	<u>29,371</u>
Administrative and general expenses:						
- Processing cost (Note 29 (ii))	426,651	402,006	-	2,903	426,651	404,909
- Auditors' remuneration:						
- Statutory audit - Bank	350	558	-	-	350	558
- Statutory audit - subsidiaries	3	3	-	-	3	3
- Non-audit fee to local affiliate of KPMG Malaysia	67	60	-	-	67	60
- Stationeries and supplies	1,801	1,034	-	3,258	1,801	4,292
- Communication expenses	4,187	4,417	-	12,611	4,187	17,028
- Others	52,071	43,041	-	46,985	52,071	90,026
	<u>485,130</u>	<u>451,119</u>	<u>-</u>	<u>65,757</u>	<u>485,130</u>	<u>516,876</u>
Total other operating expenses	<u>689,888</u>	<u>657,139</u>	<u>-</u>	<u>309,930</u>	<u>689,888</u>	<u>967,069</u>

23. Other operating expenses (continued)

(i) CEO and Directors' remuneration

Group and Bank	Salary and other remuneration RM'000	Fees RM'000	Bonuses RM'000	Benefits -in-kind RM'000	Total RM'000
2023					
Executive Director and CEO					
Vikram Singh ⁽¹⁾	1,606	-	566	165	2,337
Non-executive Directors					
Mark Fordyce Hart	-	180	-	-	180
Datuk Ali bin Abdul Kadir ⁽²⁾	-	62	-	-	62
Dato' Philip Tan Puay Koon	-	180	-	-	180
Norazilla binti Md Tahir ⁽³⁾	-	118	-	-	118
	1,606	540	566	165	2,877

(1) Vikram Singh appointed as Director on 1 May 2023.

(2) Datuk Ali bin Abdul Kadir retired as Director on 6 May 2023.

(3) Norazilla binti Md Tahir appointed as Director on 6 May 2023.

Group and Bank	Salary and other remuneration RM'000	Fees RM'000	Bonuses RM'000	Benefits -in-kind RM'000	Total RM'000
2022					
Executive Director and CEO					
Usman Ahmed ⁽¹⁾	2,343	-	114	357	2,814
Non-executive Directors					
Mark Fordyce Hart	-	180	-	-	180
Datuk Ali bin Abdul Kadir	-	180	-	-	180
Dato' Philip Tan Puay Koon	-	180	-	-	180
Datuk Bazlan bin Osman ⁽²⁾	-	1	-	-	1
	2,343	541	114	357	3,355

(1) Usman Ahmed resigned as Director on 10 December 2022

(2) Datuk Bazlan bin Osman resigned as Director on 3 January 2022

(ii) Other key management personnel

	Group and Bank	
	2023 RM'000	2022 RM'000
Short-term employee salary and benefits	-	1,636

24.(Write back of)/Allowance for impairment on loans, advances and financing

Group and Bank

	Continuing operations		Discontinued operation		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
12-months ECL	(375)	(37,162)	-	7,792	(375)	(29,370)
Lifetime ECL not credit-impaired	(1,742)	3,709	-	(4,748)	(1,742)	(1,039)
Lifetime ECL credit-impaired	(66)	(8,716)	-	(16,779)	(66)	(25,495)
Impaired loans, advances and financing:						
- Written off	-	-	-	172,734	-	172,734
- Recovered	(617)	-	-	(95,566)	(617)	(95,566)
	<u>(2,800)</u>	<u>(42,169)</u>	<u>-</u>	<u>63,433</u>	<u>(2,800)</u>	<u>21,264</u>

25. Tax expense

Recognised in profit or loss

	Group and Bank	
	2023 RM'000	2022 RM'000
Income tax expense on continuing operations	247,099	211,967
Income tax expense on discontinued operation (Note 26)	-	97,134
Total income tax expense	<u>247,099</u>	<u>309,101</u>

Major components of income tax expense include:

Current tax expense

Malaysian income tax		
- current year	252,718	301,896
- prior year (over)/under provision	(10,987)	5,749
Total current tax recognised in profit or loss	<u>241,731</u>	<u>307,645</u>

Deferred tax expense

- origination and reversal of temporary differences	5,076	2,087
- prior year under/(over) provision	292	(631)
Total deferred tax recognised in profit or loss	<u>5,368</u>	<u>1,456</u>
Total income tax expense	<u>247,099</u>	<u>309,101</u>

Reconciliation of tax expense

Profit before taxation		
- Continuing operations	1,015,399	630,673
- Discontinued operation	-	669,012
	<u>1,015,399</u>	<u>1,299,685</u>
Income tax using Malaysian tax rate of 24%	243,696	24,000
Income tax using Malaysian tax rate of 33%	-	395,896
Non-deductible expenses	14,098	8,464
Non-taxable income	-	(124,315)
Others	-	(62)
	<u>257,794</u>	<u>303,983</u>
(Over)/Underprovision in prior year	(10,695)	5,118
	<u>247,099</u>	<u>309,101</u>

25. Tax expense (continued)

In 2022, there was one-off tax introduced (“Cukai Makmur”) by the Malaysian Government in the Budget 2022 whereby taxable profits above RM100 million would be taxed at a rate of 33% instead of 24% prevailing for the year of assessment 2022. The Cukai Makmur is no longer applicable for the year of assessment 2023.

26. Discontinued operation

In November 2022, the Group disposed of its Consumer Banking business to a third party (“the Purchaser”).

Profit attributable to the discontinued operation was as follows:

	Note	Group and Bank 2022 RM'000
Results of discontinued operation		
Interest income	20	535,402
Interest expense	21	(103,584)
Net interest income		431,818
Net income from Islamic Banking operations	37(l)	2,248
Other operating income	22	608,382
Total net income		1,042,448
Other operating expenses	23	(309,930)
Operating profit		732,518
Allowance for impairment on loans, advances and financing	24	(63,433)
Allowance for impairment on other assets		(73)
Profit before taxation		669,012
Tax expense	25	(97,134)
Profit for the year		571,878

The profit for the year from discontinued operation of RM572 million in year 2022 was attributable entirely to the owners of the Bank.

	Group 2022 RM'000
Cash flows from discontinued operation	
Net cash from operating activities	608,265
Net cash from investing activities	3,403,977
Net cash from financing activities	-
Effect on cash flows	4,012,242

26. Discontinued operation (continued)

Effect of disposal on the financial position of the Group

	Note	Group 31.10.2022 RM'000
Cash and cash equivalents		17,134
Loans, advances and financing		12,965,243
Other assets		174,202
Deferred tax assets		9,706
Plant and equipment (including right-of-use assets)		54,035
Deposits from customers		(10,086,532)
Other liabilities		(175,677)
Net assets and liabilities		2,958,111
Business premium	(a)	463,000
Net consideration received, satisfied in cash	(b)	3,421,111
Cash and cash equivalents disposed of		(17,134)
Net cash inflow		3,403,977

(a) Gain on sale of discontinued operation

	Group 2022 RM'000
Business premium	463,000
Less: Transaction costs	(18,852)
Less: Adjustment to deferred tax assets arising from ECL on loans, advances and financing disposed	(62,459)
Net gain on sale of discontinued operation	381,689

(b) Net consideration received, satisfied in cash

	Note	Group 2022 RM'000
Initial consideration received		3,698,647
Less: Amount refundable	16	(277,536)
Net consideration received, satisfied in cash		3,421,111

(c) Reconciliation to statements of cash flows

	Group 2022 RM'000
Initial consideration received	3,698,647
Less: Cash and cash equivalents disposed of	(17,134)
Less: Transaction costs paid	(18,852)
Proceeds for disposal of discontinued operation, net of cash and cash equivalents disposed of and transaction cost	3,662,661

27. Earnings per share

Basic earnings per share has been calculated based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2023 RM'000	Group 2022 RM'000
Profit attributable to ordinary shareholders:		
- Continuing operations	768,300	418,706
- Discontinued operation	-	571,878
	<u>768,300</u>	<u>990,584</u>

	2023 '000	Group 2022 '000
Number of ordinary shares at 31 December	<u>121,697</u>	<u>121,697</u>

	2023 sen	Group 2022 sen
Continuing operations	631.3	344.1
Discontinued operation	-	469.9
Basic earnings per share	<u>631.3</u>	<u>814.0</u>

The Group has no dilution in their earnings per ordinary share in the current and previous financial years as there are no dilutive potential ordinary shares.

28. Dividends

Dividends recognised by the Bank are:

	Sen per share	Total amount RM'000	Date of payment
2023			
Final 2022 ordinary	862.8	<u>1,050,000</u>	30 June 2023
2022			
Final 2021 ordinary	1027.1	<u>1,250,000</u>	30 June 2022

After the reporting date, the Directors proposed final dividend of 877.8 sen per ordinary share totalling RM1,068,300,000 in respect of the financial year ended 31 December 2023. This dividend will be recognised in subsequent financial period upon approval by the equity holder of the Bank.

29. Significant related party transactions and balances

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

The related parties of the Group and the Bank are:

- (i) Parent companies

Parent companies of the Group and the Bank are Citigroup Holding (Singapore) Pte. Ltd. and Citigroup Inc..

29. Significant related party transactions and balances (continued)

The related parties of the Group and the Bank are: (continued)

(ii) Other related companies

Entities which are related by virtue of having Citigroup Holding (Singapore) Pte. Ltd. as the holding company or having Citigroup Inc. as the ultimate holding company.

(iii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Bank either directly or indirectly. The key management personnel of the Group or the Bank include all the Directors and certain members of senior management of the Group or the Bank. Key management personnel compensation is disclosed in Note 23(i) and (ii).

(i) Transactions and balances with parent companies and other related companies

	Group and Bank			
	Parent companies 2023 RM'000	Other related companies 2023 RM'000	Parent companies 2022 RM'000	Other related companies 2022 RM'000
Income				
Interest on interest bearing deposits	3,384	20,619	1,511	7,470
Other income	16,727	-	70,514	-
	<u>20,111</u>	<u>20,619</u>	<u>72,025</u>	<u>7,470</u>
Expenditure				
Interest on interest bearing deposits	15,280	19,166	-	5,527
Other expenses	138,657	287,994	126,227	278,683
	<u>153,937</u>	<u>307,160</u>	<u>126,227</u>	<u>284,210</u>
Amount due from				
Interest bearing deposits	-	549,102	-	500,955
Current account balances	4,593	289,093	4,408	253,658
Other balances	107,050	213,659	122,283	193,300
	<u>111,643</u>	<u>1,051,854</u>	<u>126,691</u>	<u>947,913</u>
Amount due to				
Interest bearing deposits	-	965,277	-	373,279
Current account balances	892,334	369,061	1,447,168	472,814
Other balances	56,235	48,030	70,500	57,502
	<u>948,569</u>	<u>1,382,368</u>	<u>1,517,668</u>	<u>903,595</u>

All related party transactions are conducted at arm's length basis and on normal commercial terms which are not more favourable than those generally available to public.

29. Significant related party transactions and balances (continued)

(ii) Intercompany charges with a breakdown by type of services received and geographical distribution

	Group and Bank				
	Asia Pacific RM'000	North America RM'000	Europe, the Middle East and Africa RM'000	Latin America RM'000	Total RM'000
2023					
System & technology	144,845	19,714	1,676	385	166,620
Operation & technology support	48,378	20,377	426	-	69,181
Global functions	(2,157)	68,879	4,845	-	71,567
Data center	74,849	15,194	1,078	-	91,121
Global/Regional Business	3,871	23,704	375	45	27,995
Others	1	166	-	-	167
	269,787	148,034	8,400	430	426,651
2022					
System & technology	131,415	11,961	724	14	144,114
Operation & technology support	56,019	22,584	497	-	79,100
Global functions	(3,517)	62,003	-	-	58,486
Data center	65,481	12,344	431	-	78,256
Global/Regional Business	21,545	22,743	384	-	44,672
Others	(17)	298	-	-	281
	270,926	131,933	2,036	14	404,909

30. Credit transactions and exposures with connected parties

	Group and Bank	
	2023 RM'000	2022 RM'000
Outstanding credit exposures with connected parties	1,541,047	1,642,052
Total credit exposure which is non-performing or in default	-	-
Total credit exposures	35,369,130	37,727,920
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	4.36%	4.35%
- as a proportion of capital base	33.00%	33.69%
- which is non-performing or in default	0.00%	0.00%

The disclosure on Credit Transactions and Exposures with Connected Parties above are presented in accordance with paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which became effective on 16 July 2014.

Based on these guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder and his close relatives;
- (iii) Executive Officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments. They also include holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and creditworthiness. Due care has been taken to ensure that the creditworthiness of the connected party is not less than that normally required of other persons.

31. Derivative financial instruments

Group and Bank	Contract amount RM'000	Positive fair value RM'000	Negative fair value RM'000
2023			
Foreign exchange related contracts:			
- Forwards	107,774,148	420,290	499,855
- Cross currency interest rate swaps	5,592,687	78,172	31,026
- Options	1,052,661	4,657	1,189
Interest/Profit rate contracts:			
- Futures	1,545	-	-
- Swaps	105,458,460	61,943	46,002
- Options	90,000	-	-
Equity related contracts	242,682	1,718	44
Others	12,027,612	88,019	97,904
	<u>232,239,795</u>	<u>654,799</u>	<u>676,020</u>
		Note 9	Note 16
2022			
Foreign exchange related contracts:			
- Forwards	79,734,807	372,581	578,585
- Cross currency interest rate swaps	5,167,642	44,708	15,667
- Options	1,259,883	4,061	2,531
Interest/Profit rate contracts:			
- Swaps	104,510,980	384,144	302,770
- Options	90,000	-	-
- Forwards	5,263,533	569	6,711
Equity related contracts	83,044	1,387	1,499
Others	17,389,859	81,069	86,655
	<u>213,499,748</u>	<u>888,519</u>	<u>994,418</u>
		Note 9	Note 16

32. Financial risk management

The Group's and the Bank's risk management framework are designed to monitor, evaluate and manage the principal risk they assume in conducting their activities. These risks include the following:

- Credit risk
- Market risk
- Operational risk

(1) Credit Risk

Credit risk is the risk of loss resulting from the decline in credit quality of a client, customer or counterparty (or downgrade risk) or the failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations.

Credit risk also arises from clearing and settlement activities, when the Bank transfers an asset in advance of receiving its counter-value or advances funds to settle a transaction on behalf of a client.

The credit process is grounded in a series of fundamental policies, including:

- joint business and independent risk management responsibility for managing credit risks, where independent risk provides credible review and challenge to first line units;
- a single center of control for each credit relationship, which coordinates credit activities with each client;
- portfolio limits to ensure diversification and maintain risk/ capital alignment;
- a minimum of two authorized credit officer signatures required on most extensions of credit;
- risk rating standards, applicable to every obligor and facility; and
- consistent standards for minimum credit origination documentation and remedial management.

The Bank has an established framework in place for managing credit risk across all businesses that includes a defined risk appetite, credit limits and credit policies. The Bank's credit risk management framework also includes policies and procedures to manage problem exposures.

Concentration Risk

Concentration risk, within credit risk, is the risk associated with having credit exposure concentrated within a specific client, industry, region or other category.

Concentration risk is assessed on a quarterly basis through review of exposure class by single counterparty and industry. These concentrations are presented and discussed regularly at Board and Risk Management Committee meetings. In addition, credit concentration risk is assessed an enterprise level as part of the Internal Capital Adequacy Assessment Process (ICAAP) using an internal model which considers single name, sector, regional/geographic concentration.

At a counterparty level, assessments of large exposures to single counterparty groups of connected obligors, either through common ownership or control, or through financial and economic interdependencies, in compliance with BNM's Single Counterparty Exposure Limit (SCEL) Policy Document. Risk concentration to a single counterparty may arise through direct exposures to the counterparty and indirectly through exposures to guarantors and protection providers. In order to manage and contain large exposure to single counterparties, there are a series of checks and balances, as defined in the SCEL Policy Document, to ensure that exposure to a single counterparty does not exceed 25% of the Bank's qualifying capital.

32. Financial risk management (continued)

(1) Credit Risk (continued)

Credit Risk Mitigation

As part of its risk management activities, the Bank uses various risk mitigants to hedge portions of the credit risk in its portfolios, in addition to outright asset sales. Credit risk mitigation, including netting, collateral and other techniques, is important to the Bank in the effective management of its credit risk exposures. Generally, in consultation with legal counsel, the Bank determines whether collateral documentation is legally enforceable and gives the Bank the right to liquidate or take possession of collateral in a timely manner in the event of the default, insolvency, bankruptcy or other defined credit event of the obligor.

Collateral assets taken as credit risk mitigants in the wholesale banking book receive initial and subsequent periodic valuations. This is part of the facility approval process, and is aimed at ensuring a comprehensive understanding of the potential recovery value of the pledged collateral asset in an event of obligor default. Collateral must be realizable and have either (1) a value capable of being established on the open market or (2) a value that can be provided by a recognized external market source or independent valuer. Valuations must also take into account the environment, the relevant market, and the type of collateral. Different collateral asset types and borrowers' risk profiles may require different processes with respect to valuation, the frequency of evaluation (and re-evaluation), inspection, and verification.

The main type of credit risk mitigants utilized are guarantees or other types of full support from parents or third parties, as well as collateral such as real estate or various asset types (primarily cash).

Risk Ratings and Classification

Internal credit ratings are used in determining approval levels, concentration limits, and reserves. Each wholesale obligor is assigned an obligor risk rating (ORR) that reflects the one-year probability of default (PD) of the obligor. Each wholesale facility is assigned a facility risk rating (FRR) that reflects the expected loss rate of the facility, the product of the one-year PD and the expected loss given default (LGD) associated with the facility characteristics. ORRs are established through an integrated framework that combines quantitative and qualitative tools, calibrated and tested across economic cycles, with risk manager expertise on customers, markets and industries. ORRs are generally expected to change in line with material changes in the PD of the obligor.

Rating categories are defined consistently across wholesale credit by ranges of PDs and are used to calibrate and objectively test rating models and the final ratings assigned to individual obligors. Independently validated models establish the starting point in the internal obligor rating process. Internal rating models include statistically derived models and expert judgment risk rating models. These models are developed primarily by an independent analytical team in conjunction with independent risk management.

In addition to the obligor and facility risk ratings assigned to all exposures, the Bank may classify exposures as Special Mention, Substandard, Doubtful or Loss. Risk ratings and classifications are reviewed regularly and adjusted as appropriate. The credit review process incorporates quantitative and qualitative factors, including financial and non-financial disclosures or metrics, idiosyncratic events, or changes to the competitive, regulatory or macroeconomic environment. As obligor risk ratings are downgraded, the probability of default increases. Downgrades of obligor risk ratings tend to result in a higher provision for credit losses. In addition, downgrades may result in the purchase of additional credit derivatives or other risk mitigants to hedge the incremental credit risk, or may result in the Bank's seeking to reduce exposure to an obligor or an industry sector.

32. Financial risk management (continued)

(A) Credit risk exposures and credit risk concentration

The following tables present the Group's maximum exposure to credit risk of its on and off balance sheet financial instruments at each reporting date, by industry and geographical analysis, before taking into account collateral held or other credit enhancements.

(i) By industry analysis

Group 2023	Government and Central banks RM'000	Financial services, insurance, real estate & business services RM'000	Primary agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water supply RM'000	Construction RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Transport, storage & communication RM'000	Social and community services RM'000	Other sectors RM'000	Total RM'000
<u>On-Balance Sheet</u>												
Cash and short-term funds	3,763,014	304,353	-	-	-	-	-	-	-	-	-	4,067,367
Deposits and placements with banks and other financial institutions	-	548,718	-	-	-	-	-	-	-	-	-	548,718
Securities purchased under resale agreements	141,373	5,002,510	-	-	-	-	-	-	-	-	-	5,143,883
Investment securities*	16,060,452	-	-	-	-	-	-	-	-	-	-	16,060,452
Loans, advances and financing	-	777,204	17,470	75,387	2,567,308	9,486	6,628	918,212	115,637	67	118,869	4,606,268
Other assets#	-	1,153,490	-	5,483	60,870	2,234	26	20,560	3,627	94,953	4,137	1,345,380
Statutory deposits with BNM	1,000	-	-	-	-	-	-	-	-	-	-	1,000
	19,965,839	7,786,275	17,470	80,870	2,628,178	11,720	6,654	938,772	119,264	95,020	123,006	31,773,068
<u>Contingent liabilities</u>												
(Note 36)	-	443,198	5	464,590	1,285,309	189,618	11,186	324,247	360,146	94	33,373	3,111,766
Commitments^ (Note 36)	-	2,709,701	35,386	946,972	7,257,382	651,417	84,011	3,424,251	894,804	2,233	310,220	16,316,377
Total Credit Exposures	19,965,839	10,939,174	52,861	1,492,432	11,170,869	852,755	101,851	4,687,270	1,374,214	97,347	466,599	51,201,211

* Investment securities excludes equity instruments of RM5,657,000.

Other assets exclude prepayment of RM4,859,000.

^ Commitments excluding derivatives

32. Financial risk management (continued)

(A) Credit risk exposures and credit risk concentration (continued)

(i) By industry analysis (continued)

Group 2022	Government and Central banks RM'000	Financial services, insurance, real estate & business services RM'000	Primary agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water supply RM'000	Construction RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Transport, storage & communication RM'000	Social and community services RM'000	Other sectors RM'000	Total RM'000
<u>On-Balance Sheet</u>												
Cash and short-term funds	10,698,100	272,524	-	-	-	-	-	-	-	-	-	10,970,624
Deposits and placements with banks and other financial institutions	-	500,586	-	-	-	-	-	-	-	-	-	500,586
Securities purchased under resale agreements	301,988	592,463	-	-	-	-	-	-	-	-	-	894,451
Investment securities*	14,705,991	-	-	-	-	-	-	-	-	-	-	14,705,991
Loans, advances and financing	-	785,785	-	66,776	3,155,999	7,645	6,778	1,403,752	51,313	76	118,000	5,596,124
Other assets [#]	-	1,044,318	-	341	28,542	89	23	32,044	2,209	93,633	43,934	1,245,133
Statutory deposits with BNM	177,702	-	-	-	-	-	-	-	-	-	-	177,702
	25,883,781	3,195,676	-	67,117	3,184,541	7,734	6,801	1,435,796	53,522	93,709	161,934	34,090,611
Contingent liabilities (Note 36)	-	274,690	5	393,071	862,446	388,769	12,190	361,225	309,396	1,055	88,905	2,691,752
Commitments [^] (Note 36)	-	2,621,295	164,818	282,661	6,223,235	199,121	99,100	3,929,495	767,126	2,192	206,672	14,495,715
Total Credit Exposures	25,883,781	6,091,661	164,823	742,849	10,270,222	595,624	118,091	5,726,516	1,130,044	96,956	457,511	51,278,078

* Investment securities excludes equity instruments of RM8,311,000.

[#] Other assets exclude prepayment of RM21,052,000.

[^] Commitments excluding derivatives

The disclosures represented the Bank's exposures except for RM20,000 cash and short-term funds (2022: RM20,000 cash and short-term funds) deposited by the subsidiaries which were eliminated in the above tables.

32. Financial risk management (continued)

(A) Credit risk exposures and credit risk concentration (continued)

(ii) By geographical analysis

Group 2023	Malaysia RM'000	Singapore RM'000	Hong Kong & China PRC RM'000	Japan RM'000	Australasia RM'000	North America RM'000	United Kingdom RM'000	Other countries RM'000	Total RM'000
<u>On-Balance Sheet</u>									
Cash and short-term funds	3,765,839	25,009	62,529	26,328	11,895	4,672	7,726	163,369	4,067,367
Deposits and placements with banks and other financial institutions	548,718	-	-	-	-	-	-	-	548,718
Securities purchased under resale agreements	5,143,883	-	-	-	-	-	-	-	5,143,883
Investment securities*	15,239,445	-	-	-	-	821,007	-	-	16,060,452
Loans, advances and financing	4,606,268	-	-	-	-	-	-	-	4,606,268
Other assets#	847,624	23,714	4,588	-	120	209,925	169,388	90,021	1,345,380
Statutory deposits with BNM	1,000	-	-	-	-	-	-	-	1,000
	30,152,777	48,723	67,117	26,328	12,015	1,035,604	177,114	253,390	31,773,068
Contingent liabilities (Note 36)	2,969,372	14,839	283	-	3,635	23,155	12,061	88,421	3,111,766
Commitments^ (Note 36)	16,316,377	-	-	-	-	-	-	-	16,316,377
Total Credit Exposures	49,438,526	63,562	67,400	26,328	15,650	1,058,759	189,175	341,811	51,201,211

* Investment securities excludes equity instruments of RM5,657,000.

Other assets exclude prepayment of RM4,859,000.

^ Commitments excluding derivatives

32. Financial risk management (continued)

(A) Credit risk exposures and credit risk concentration (continued)

(ii) By geographical analysis (continued)

Group 2022	Malaysia RM'000	Singapore RM'000	Hong Kong & China PRC RM'000	Japan RM'000	Australasia RM'000	North America RM'000	United Kingdom RM'000	Other countries RM'000	Total RM'000
<u>On-Balance Sheet</u>									
Cash and short-term funds	10,701,797	29,504	30,663	55,866	52,765	4,951	39	95,039	10,970,624
Deposits and placements with banks and other financial institutions	500,586	-	-	-	-	-	-	-	500,586
Securities purchased under resale agreements	894,451	-	-	-	-	-	-	-	894,451
Investment securities*	14,664,355	-	-	-	-	41,636	-	-	14,705,991
Loans, advances and financing	5,596,124	-	-	-	-	-	-	-	5,596,124
Other assets#	946,528	38,681	18,215	1	10,111	93,625	123,283	14,689	1,245,133
Statutory deposits with BNM	177,702	-	-	-	-	-	-	-	177,702
	33,481,543	68,185	48,878	55,867	62,876	140,212	123,322	109,728	34,090,611
Contingent liabilities (Note 36)	2,512,077	78,317	-	-	4,974	45,388	12,346	38,650	2,691,752
Commitments^ (Note 36)	14,495,715	-	-	-	-	-	-	-	14,495,715
Total Credit Exposures	50,489,335	146,502	48,878	55,867	67,850	185,600	135,668	148,378	51,278,078

* Investment securities excludes equity instruments of RM8,311,000.

Other assets exclude prepayment of RM21,052,000.

^ Commitments excluding derivatives

The disclosures represented the Bank's exposures except for RM20,000 cash and short-term funds (2022: RM20,000 cash and short-term funds) deposited by the subsidiaries which were eliminated in the above tables.

32. Financial risk management (continued)

(B) Deposits and placements with banks and other financial institutions

(i) Deposits and placements with banks and other financial institutions analysis by credit rating

	Group and Bank	
	2023	2022
	RM'000	RM'000
Unrated	548,718	500,586

(ii) Deposits and placements with banks and other financial institutions analysis by geographical location where the credit risk of issuers reside, regardless of where the assets are booked, is as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Malaysia	548,718	500,586

(C) Other securities

	Group and Bank	
	2023	2022
	RM'000	RM'000
Investment securities	16,066,109	14,714,302

32. Financial risk management (continued)**(C) Other securities (continued)****(i) Other securities analysis by credit rating**

At the reporting date, the credit quality of investment in other securities by designation of an external credit assessment institution is as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
AAA	-	41,636
A+ to A-	821,007	13,418,800
BBB+	15,245,102	1,245,555
Unrated	-	8,311
	<u>16,066,109</u>	<u>14,714,302</u>

(ii) Other securities analysis by geographical location where the credit risk of issuers reside, regardless of where the assets are booked, is as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Malaysia	15,245,102	14,672,666
North America	821,007	41,636
	<u>16,066,109</u>	<u>14,714,302</u>

32. Financial risk management (continued)

(D) Credit quality of loans, advances and financing

Impaired

Loans, advances and financing are classified as impaired when they meet one of the following criteria:

- (i) principal or interest or both are past due for 90 days or more;
- (ii) significant financial difficulty;
- (iii) enter bankruptcy or other financial reorganisation;
- (iv) adverse changes in the payment status;
- (v) national or economic conditions that correlate with defaults on the assets; and
- (vi) disappearance of an active market for a security.

Estimated value of collaterals against past due but not impaired and impaired loans are Nil (2022: Nil).

	Group and Bank	
	2023	2022
	RM'000	RM'000
Loans, advances and financing		
Stage 1	4,576,799	5,528,049
Stage 2	16,012	76,155
Stage 3	26,160	13,809
Gross amount	4,618,971	5,618,013
Less: Loss allowance	Note (8)(iv) (12,703)	(21,889)
Carrying amount	<u>4,606,268</u>	<u>5,596,124</u>

(E) Exposures to COVID-19 impacted sectors

	Group and Bank	
	2023	2022
	RM'000	RM'000
Loans, advances and financing – Non-retail		
On-balance sheet (net of impairment):		
Retail and wholesale/trading, accommodation, travel agencies/tourism, airline/aviation	-	1,444,137
	<u>-</u>	<u>1,444,137</u>

32. Financial risk management (continued)

(2) Market Risk

Market risk is the potential loss resulting from a change in the current economic value of a position, due to changes in the associated underlying market risk factors. Market risk encompasses price risk arising from the normal course of business operations in a global financial intermediary. At Citibank Berhad, market risk is managed through corporate-wide standards, business policies and procedures with oversight from responsible personnel and committees delegated by the Board of Directors (for example, the Country Coordinating Committee and Market Risk Management).

Market risk is measured in accordance with established standards to ensure consistency across businesses and the ability to aggregate risk for monitoring purpose. The business is required to establish, with approval from independent market risk management, a market risk limit framework for identified risk factors, clearly defining approved risk profiles within the parameters of the Bank's overall risk appetite. The result of every risk assessment and review exercise is then presented to the Board of Directors for feedback and recommended action (if necessary).

In terms of internal controls, Market Risk Management, an independent group, oversees market risk and ensures that the risk profile is consistent with Citibank Berhad's overall approved risk appetite. Price risk limits are monitored on a daily basis. Limit excesses (if any) are highlighted to the Country Coordinating Committee and the Risk Management Committee.

Price Risk

Price risk is the risk associated to earnings arising from changes in interest rates, foreign exchange rates, equity and commodity prices, credit spread and in their implied volatilities. Price risk arises in trading portfolios as well as non-trading portfolios.

Price risk in trading portfolios is measured through a complementary set of tools such as factor sensitivities, value-at-risk, loss trigger and stress testing.

It is the responsibility of the independent market risk management to ensure that factor sensitivities are calculated, monitored and in most cases limited, for all relevant risks taken in a trading portfolio. In addition, stress testing is performed on trading portfolios on a regular basis to estimate the impact of extreme market movements.

Interest rate risk in non-trading portfolios is inherent in many client-related activities, primarily lending and deposit taking from both individuals and corporations. Interest rate risk arises due to factors including the timing of rate resetting and maturity period between assets and liabilities, change in the profile of assets and liabilities whereby the maturity period differs in response to movements in market interest rates, changes in the yield curve and spread between various market rate indices.

Interest Rate Exposure (income metrics) is used as a tool to monitor interest rate risk and is calculated as the pre-tax impact on net interest revenue for banking book positions, premised upon defined shifts in interest rates over a specified reporting period. Economic Value of Equity / Economic Value Sensitivity (valuation metric) measures the impact of interest rate changes onto the bank's capital. This impact can be measured using stress test, EVS and/or DVO1 risk metrics to capture the impact of interest rate changes on the economic value of assets and liabilities.

32. Financial risk management (continued)

(2) Market Risk (continued)

Trading Portfolio

The capital charge for the Trading portfolio by risk factors is as follows:

Capital Charge Requirement	Standardised Approach	
	2023 RM'000	2022 RM'000
Interest Rate Risk	76,112	96,940
Foreign Exchange Risk	61,075	10,229
Options	6,955	6,254
Total	144,142	113,423

Interest Rate Risk in the Banking Book

Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect the bank's banking book positions. IRRBB risk arises from gapping mismatch from both interest bearing and non-interest bearing assets and liabilities.

Potential interest rate risk in banking book is monitored through interest rate exposure from movement in interest rates per table below:

Interest rate exposures at each major currency level for the Banking Book are as follows:

Currency	Group and Bank			
	Impact on Positions as at 31 December 2023 ± 200 bps (Parallel Shift)*		Impact on Positions as at 31 December 2022 ± 200 bps (Parallel Shift)*	
	Increase / (Decline) in Earnings RM'000	Increase / (Decline) in Economic Value RM'000	Increase / (Decline) in Earnings RM'000	Increase / (Decline) in Economic Value RM'000
MYR	154,841	(4,468)	190,662	(12,393)
USD	2,734	119,473	(17,216)	100,494
Others	2,080	(20,474)	2,239	(24,658)

*per the updated BNM template.

32. Financial risk management (continued)

(2) Market Risk (continued)

Interest rate benchmark reform

As of 31 December 2022, the Group and the Bank had completed the transition from all required LIBORs and other IBORs to new benchmark rates and remediated contracts on 2 and 12 months KLIBOR.

Liquidity Risk

Liquidity is the ability of a financial institution to fund increases in assets and meet obligations as they come due at a reasonable cost. Liquidity risk represents the potential loss arising from the inability to access liquidity to meet all obligations as and when due without adversely affecting daily operations or the financial condition of the firm.

Citibank Berhad complies with both Citigroup's liquidity and funding policy as well as BNM's liquidity requirements, in the management, monitoring and measurement of liquidity risk within a high effective process. Citibank Berhad has established a robust control framework which ensures that liquidity risk is effectively managed within predefined and agreed risk tolerances. The control framework is being integrated into the overall Citibank Berhad's liquidity and funding process, and the liquidity monitoring framework where under the Liquidity Risk Management Policy, there is a single set of standards for the measurement, reporting and management of liquidity risk in order to ensure consistency across businesses, stability in methodologies, and transparency of risk and the establishment of appropriate risk appetite.

The control framework consists of Liquidity Review Process ("LRP") which incorporates the following review requirements:

- Funding and Liquidity Forecasting
- Limits and Triggers, including Universal currency status
- Contingency Funding Plan
- Term Liquidity Stress Testing (TLST) FX capacity
- U.S. Liquidity Coverage Ratio (LCR) Highly Qualified Liquid Assets (HQLA) Tests include the following 2 tests.
 - Liquid and Readily-Marketable Tests using Liquid and Readily-Marketable Tests Template
 - Operational Capabilities Test using HQLA Sample Monetization Template and HQLA Operational Capability Assessment Template
- Local Liquidity Requirements
- Cash-Flow Projection
- Higher Risk Assessment Questionnaire (HRAQ)
- Intraday Monitoring, Management and Reserving Document (IMMRD)
- Central Bank Facility Inventory

32. Financial risk management (continued)

The following table indicates the effective interest/profit rate at the reporting dates and periods in which the financial instruments reprice or mature, whichever is earlier.

(i) Interest/Profit rate risk

Group 2023	Up to 1 month RM'000	>1- 3 months RM'000	> 3 -12 months RM'000	>1- 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Financial assets									
Cash and short-term funds	4,067,347	-	-	-	-	20	-	4,067,367	4.68
Deposits and placements with banks and other financial institutions	-	-	-	548,718	-	-	-	548,718	5.33
Securities purchased under resale agreements	3,133,363	1,823,391	187,129	-	-	-	-	5,143,883	2.39
Investment securities	3,781,514	787,430	4,556,221	5,571,721	-	-	1,369,223	16,066,109	1.56
Loans, advances and financing									
- performing	2,318,979	1,402,063	534,722	329,649	7,398	(8,860)	-	4,583,951	4.58
- credit-impaired	26,160	-	-	-	-	(3,843)	-	22,317	-
Other assets [#]	-	-	-	-	-	690,568	654,812	1,345,380	-
Statutory deposits with BNM	-	-	-	-	-	1,000	-	1,000	-
Total financial assets	13,327,363	4,012,884	5,278,072	6,450,088	7,398	678,885	2,024,035	31,778,725	

Other assets exclude prepayment of RM4,859,000.

Financial liabilities

Deposits from customers	21,161,640	195,852	44,585	-	-	-	-	21,402,077	1.21
Deposits and placements with banks and other financial institutions	4,336,184	39,803	9,677	-	-	-	-	4,385,664	1.07
Other liabilities	-	-	-	-	-	686,598	676,020	1,362,618	-
Total financial liabilities	25,497,824	235,655	54,262	-	-	686,598	676,020	27,150,359	
On-balance sheet interest sensitivity gap	(12,170,461)	3,777,229	5,223,810	6,450,088	7,398	(7,713)	1,348,015		
Off-balance sheet interest sensitivity gap	75	928	896	(73)	-	-	-		
	(12,170,386)	3,778,157	5,224,706	6,450,015	7,398	(7,713)	1,348,015		

32. Financial risk management (continued)

(i) Interest/Profit rate risk (continued)

Group 2022	Up to 1 month RM'000	>1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Financial assets									
Cash and short-term funds	10,970,604	-	-	-	-	20	-	10,970,624	1.83
Deposits and placements with banks and other financial institutions	-	-	-	500,586	-	-	-	500,586	3.44
Securities purchased under resale agreements	301,988	150,310	442,153	-	-	-	-	894,451	5.1
Investment securities	684,845	2,469,882	3,918,785	6,558,799	49,992	-	1,031,999	14,714,302	3.16
Loans, advances and financing									
- performing	2,959,020	1,720,743	579,288	336,958	8,195	(10,977)	-	5,593,227	4.4
- credit-impaired	-	-	-	-	-	2,897	-	2,897	-
Other assets [#]	-	-	-	-	-	356,506	888,627	1,245,133	-
Statutory deposits with BNM	-	-	-	-	-	177,702	-	177,702	-
Total financial assets	14,916,457	4,340,935	4,940,226	7,396,343	58,187	526,148	1,920,626	34,098,922	

Other assets exclude prepayment of RM21,052,000.

Financial liabilities

Deposits from customers	19,692,494	27,299	60,632	17,574	-	-	-	19,797,999	0.69
Deposits and placements with banks and other financial institutions	7,028,714	3,801	-	32,721	-	-	-	7,065,236	0.7
Other liabilities	-	-	-	-	-	1,359,566	994,417	2,353,983	-
Total financial liabilities	26,721,208	31,100	60,632	50,295	-	1,359,566	994,417	29,217,218	
On-balance sheet interest sensitivity gap	(11,804,751)	4,309,835	4,879,594	7,346,048	58,187	(833,418)	926,209		
Off-balance sheet interest sensitivity gap	5,276,992	2,724,312	5,429	1,393,220	(109,025)	-	-		
	(6,527,759)	7,034,147	4,885,023	8,739,268	(50,838)	(833,418)	926,209		

The disclosures represented the Bank's exposures except for RM20,000 cash and short-term funds (2022: RM20,000 cash and short-term funds) deposited by the subsidiaries which were eliminated in the above tables.

32. Financial risk management (continued)

(ii) Foreign currency risk

Foreign currency risk results in the Group's exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The tables below summarise the RM equivalent amount of the Group's and the Bank's exposure to foreign currency risk as at the reporting date:

Group 2023	MYR RM'000	USD RM'000	JPY RM'000	Others RM'000	Total RM'000
Financial assets					
Cash and short-term funds	3,765,838	4,978	26,328	270,223	4,067,367
Deposits and placements with banks and other financial institutions	-	-	-	548,718	548,718
Securities purchased under resale agreements	5,143,883	-	-	-	5,143,883
Investment securities	13,516,488	2,549,621	-	-	16,066,109
Loans, advances and financing	2,547,112	1,810,753	108,860	139,543	4,606,268
Other assets [#]	894,859	346,668	1,620	102,233	1,345,380
Statutory deposits with BNM	1,000	-	-	-	1,000
Total financial assets	25,869,180	4,712,020	136,808	1,060,717	31,778,725
Financial liabilities					
Deposits from customers	13,572,318	7,174,214	47,459	608,086	21,402,077
Deposits and placements of banks and other financial institutions	2,727,432	1,421,033	4,818	232,381	4,385,664
Other liabilities	864,783	423,147	3,457	71,231	1,362,618
Total financial liabilities	17,164,533	9,018,394	55,734	911,698	27,150,359

[#] Other assets exclude prepayment of RM4,859,000.

32. Financial risk management (continued)

(ii) Foreign currency risk (continued)

Group 2022	MYR RM'000	USD RM'000	JPY RM'000	Others RM'000	Total RM'000
Financial assets					
Cash and short-term funds	10,701,797	4,778	55,866	208,183	10,970,624
Deposits and placements with banks and other financial institutions	-	-	-	500,586	500,586
Securities purchased under resale agreements	894,451	-	-	-	894,451
Investment securities	13,428,184	1,286,118	-	-	14,714,302
Loans, advances and financing	2,528,035	2,818,770	90,229	159,090	5,596,124
Other assets [#]	928,382	222,120	7,745	86,886	1,245,133
Statutory deposits with BNM	177,702	-	-	-	177,702
Total financial assets	28,658,551	4,331,786	153,840	954,745	34,098,922
Financial liabilities					
Deposits from customers	12,734,184	6,643,585	55,179	365,051	19,797,999
Deposits and placements of banks and other financial institutions	4,688,020	2,053,668	6,307	317,241	7,065,236
Other liabilities	1,815,409	451,911	6,465	80,198	2,353,983
Total financial liabilities	19,237,613	9,149,164	67,951	762,490	29,217,218

[#] Other assets exclude prepayment of RM21,052,000.

The disclosures represented the Bank's exposures except for RM20,000 cash and short-term funds (2022: RM20,000 cash and short-term funds) deposited by the subsidiaries which were eliminated in the above tables.

32. Financial risk management (continued)

(iii) Analysis of assets and liabilities by remaining maturity

The following maturity profile is based on the remaining period to the contractual maturity at the reporting date.

Group 2023	Less than 7 days RM'000	7 days to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Loss allowance RM'000	Total RM'000
Financial assets											
Cash and short-term funds	3,366,000	-	-	-	-	-	-	-	701,367	-	4,067,367
Deposits and placements with banks and other financial institutions	-	-	-	-	-	152,013	396,705	-	-	-	548,718
Securities purchased under resale agreements	1,995,689	1,137,674	1,823,391	187,129	-	-	-	-	-	-	5,143,883
Investment securities	5,883	4,191,817	1,111,606	2,492,738	2,388,442	5,511,040	203,600	160,983	-	-	16,066,109
Loans, advances and financing	1,138,806	1,206,333	1,402,063	320,942	213,780	322,463	7,186	7,398	-	(12,703)	4,606,268
Other assets [#]	339,608	133,429	161,140	67,172	107,137	289,568	210,845	37,515	-	(1,037)	1,345,380
Statutory deposits with BNM	-	-	-	-	-	-	-	-	1,000	-	1,000
Total financial assets	6,845,986	6,669,253	4,498,200	3,067,981	2,709,359	6,275,084	818,336	205,896	702,367	(13,740)	31,778,725

Other assets exclude prepayment of RM4,859,000.

Group 2023	Less than 7 days RM'000	7 days to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Loss allowance RM'000	Total RM'000
Financial liabilities										
Deposits from customers	19,912,705	1,248,935	195,852	14,786	29,799	-	-	-	-	21,402,077
Deposits and placements of banks and other financial institutions	4,320,897	15,287	39,803	-	9,677	-	-	-	-	4,385,664
Other liabilities	426,305	120,668	215,702	157,515	56,856	195,688	157,565	20,690	11,629	1,362,618
Total financial liabilities	24,659,907	1,384,890	451,357	172,301	96,332	195,688	157,565	20,690	11,629	27,150,359

32. Financial risk management (continued)

(iii) Analysis of assets and liabilities by remaining maturity (continued)

Group 2022	Less than 7 days RM'000	7 days to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Loss allowance RM'000	Total RM'000
Financial assets											
Cash and short-term funds	5,054,800	5,643,300	-	-	-	-	-	-	272,524	-	10,970,624
Deposits and placements with banks and other financial institutions	-	-	-	-	-	140,485	360,101	-	-	-	500,586
Securities purchased under resale agreements	95,745	206,243	150,310	442,153	-	-	-	-	-	-	894,451
Investment securities	8,395	684,819	2,793,245	2,580,800	1,767,409	6,476,150	236,014	167,470	-	-	14,714,302
Loans, advances and financing	899,442	2,073,386	1,720,743	303,796	275,492	327,766	9,193	8,195	-	(21,889)	5,596,124
Other assets [#]	115,298	121,087	91,041	112,548	127,937	280,212	341,285	56,878	-	(1,153)	1,245,133
Statutory deposits with BNM	-	-	-	-	-	-	-	-	177,702	-	177,702
Total financial assets	6,173,680	8,728,835	4,755,339	3,439,297	2,170,838	7,224,613	946,593	232,543	450,226	(23,042)	34,098,922

[#] Other assets exclude prepayment of RM21,052,000.

Group 2022	Less than 7 days RM'000	7 days to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Loss allowance RM'000	Total RM'000
Financial liabilities										
Deposits from customers	18,544,341	1,148,153	27,299	42,557	18,075	17,574	-	-	-	19,797,999
Deposits and placements of banks and other financial institutions	6,999,325	29,388	3,801	-	-	32,722	-	-	-	7,065,236
Other liabilities	1,189,468	159,169	294,596	74,023	113,754	220,882	268,366	24,997	8,728	2,353,983
Total financial liabilities	26,733,134	1,336,710	325,696	116,580	131,829	271,178	268,366	24,997	8,728	29,217,218

The disclosures represented the Bank's exposures except for RM20,000 cash and short-term funds (2022: RM20,000 cash and short-term funds) deposited by the subsidiaries which were eliminated in the above tables.

32. Financial risk management (continued)

(iv) Analysis of financial liabilities by contractual undiscounted cash flows

The table below details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on current rates at the reporting date) and the earliest date the Group can be required to pay.

Group	Carrying Amount RM'000	Total contractual undiscounted cash flows RM'000	1 month or less RM'000	Over 1 month to 3 months RM'000	Over 3 months to 1 year RM'000	Over 1 year to 5 years RM'000	Over 5 years RM'000
2023							
Financial liabilities							
Deposits from customers	21,402,077	21,409,433	21,166,707	197,269	45,457	-	-
Deposits and placements of banks and other financial institutions	4,385,664	4,386,683	4,336,840	39,989	9,854	-	-
Other liabilities	1,362,618	1,362,618	558,602	215,702	214,371	353,253	20,690
Total financial liabilities	27,150,359	27,158,734	26,062,149	452,960	269,682	353,253	20,690
2022							
Financial liabilities							
Deposits from customers	19,797,999	19,803,109	19,695,842	27,411	61,443	18,413	-
Deposits and placements of banks and other financial institutions	7,065,236	7,067,712	7,029,479	3,810	-	34,423	-
Other liabilities	2,353,983	2,353,983	1,357,365	294,596	187,777	489,248	24,997
Total financial liabilities	29,217,218	29,224,804	28,082,686	325,817	249,220	542,084	24,997

32. Financial risk management (continued)

(3) Operational Risk

Operational risk is defined by the Basel Committee on Banking Supervision as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition of operational risk includes legal risk – which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of the bank to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the Citigroup’s business – but excludes strategic and reputation risks (US Basel II Final Rule – Federal Register 2007). Nevertheless, Citigroup recognizes the impact of Operational Risk on the reputation risk associated with its business activities.

The Bank’s Independent Operational Risk Management group has established an Operational Risk Management Policy to ensure effective management of operational risk. Effective management of operational risk means bringing or maintaining operational risk exposures within operational risk appetite and adhering to regulatory requirements.

The Policy describes the roles and responsibilities, processes, and systems and tools employed to help Citibank Berhad measure, monitor, and mitigate operational risk.

The Policy aligns to the Enterprise Risk Management Framework.

The Enterprise Risk Management Framework (ERMF) defines the concept of the Lines of Defense. The high-level roles and responsibilities across the Lines of Defense for operational risk management are as follows:

- The 1st Line of Defense includes Business Management and certain Corporate Functions, and owns the risks and associated controls inherent in, or arising from, the execution of their business activities.
- The 2nd Line of Defense comprises Independent Risk Management (which includes Operational Risk Management) and Independent Compliance Risk Management. The 2nd Line provides an independent view of risk quality and quantity to management. ORM is responsible for setting requirements around operational risk management (particularly, policy, framework, and tools), and challenging Businesses’ and Functions’ implementation of the ORM framework as well as the quality and outcomes of their operational risk management activities.
- The 3rd Line of Defense (Internal Audit) is responsible for providing senior management with independent opinions on the effectiveness of the Operational Risk Management framework as a whole.

Additionally, Enterprise Support consists of HR and Legal, and these Functions are subject to the relevant independent oversight processes specific to the risks for which they are accountable.

Regardless of their line-of-defense designation, all organizational units at Citibank Berhad have the potential to generate and be accountable for risk (e.g., operational and compliance risks) through their activities (i.e., they are “Risk Accountable”). In such cases: (i) these organizational units have the same responsibilities as the 1st Line regarding the risks for which they are accountable; and (ii) are subject to second-line oversight of these risks as required under Citibank Berhad’s oversight processes specific to these risks. For the purposes of this Policy and the roles and responsibilities it defines, the term “Businesses and Functions” refers to all Risk Accountable units.

Operational risk must be managed at both a granular (e.g., a single risk or control in a particular Business, Function, Country, or Legal Entity) and an aggregated level (e.g., all operational risks in a particular Business or Function).

Granular risk exposures (specific instances of risk) are identified, assessed, monitored, and mitigated through Risk & Control Assessment (RCA) mechanisms. The minimum requirements for the RCAs are documented in the RCA Standard.

Citibank Berhad is exposed to a wide variety of operational risk types (organized and defined in risk categories in the Risk Taxonomy). Senior Management are ultimately accountable for prioritizing and allocating resources and investments in order to effectively manage these exposures. The Risk Taxonomy is a core requirement defined within Citigroup’s Enterprise Risk Management Framework (ERMF) and is a foundational input to the risk management lifecycle. The Risk Taxonomy Standard outlines the requirements to review, update, approve, and govern Citigroup’s Risk Taxonomy.

The BRCCs provide the foundation for committee governance oversight of operational risk and are a key forum for ORM to review and challenge the risk profile of Businesses and Functions.

33. Financial assets and liabilities

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost;
- (b) Fair value through profit or loss (“FVTPL”); and
- (c) Fair value through other comprehensive income (“FVOCI”).

Group 2023	Carrying amount RM'000	Amortised cost RM'000	FVTPL RM'000	FVOCI RM'000
Financial assets				
Cash and short-term funds	4,067,367	4,067,367	-	-
Deposits and placements with banks and other financial institutions	548,718	548,718	-	-
Securities purchased under resale agreements	5,143,883	5,143,883	-	-
Investment securities	16,066,109	-	1,369,223	14,696,886
Loans, advances and financing	4,606,268	4,606,268	-	-
Statutory deposits with BNM	1,000	1,000	-	-
Derivative financial assets	654,799	-	654,799	-
Other debtors and deposits*	491,813	491,813	-	-
Interest/Profit receivable	198,768	198,768	-	-
Total financial assets	31,778,725	15,057,817	2,024,022	14,696,886
Financial liabilities				
Deposits from customers	21,402,077	21,402,077	-	-
Deposits and placements of banks and other financial institutions	4,385,664	4,385,664	-	-
Derivative financial liabilities	676,020	-	676,020	-
Other creditors and accruals	637,161	637,161	-	-
Interest/Profit payable	9,717	9,717	-	-
Total financial liabilities	27,110,639	26,434,619	676,020	-

*exclude prepayment of RM4,859,000.

33. Financial assets and liabilities (continued)

33.1 Categories of financial instruments (continued)

Group 2022	Carrying amount RM'000	Amortised cost RM'000	FVTPL RM'000	FVOCI RM'000
Financial assets				
Cash and short-term funds	10,970,624	10,970,624	-	-
Deposits and placements with banks and other financial institutions	500,586	500,586	-	-
Securities purchased under resale agreements	894,451	894,451	-	-
Investment securities	14,714,302	-	1,031,999	13,682,303
Loans, advances and financing	5,596,124	5,596,124	-	-
Statutory deposits with Bank Negara Malaysia	177,702	177,702	-	-
Derivative financial assets	888,519	-	888,519	-
Other debtors and deposits*	250,120	250,120	-	-
Interest/Profit receivable	106,494	106,494	-	-
Total financial assets	34,098,922	18,496,101	1,920,518	13,682,303
Financial liabilities				
Deposits from customers	19,797,999	19,797,999	-	-
Deposits and placements of banks and other financial institutions	7,065,236	7,065,236	-	-
Derivative financial liabilities	994,418	-	994,418	-
Other creditors and accruals	1,309,198	1,309,198	-	-
Interest/Profit payable	10,900	10,900	-	-
Total financial liabilities	29,177,751	28,183,333	994,418	-

*exclude prepayment of RM21,052,000.

The disclosures represented the Bank's exposures except for RM20,000 cash and short-term funds (2022: RM20,000 cash and short-term funds) deposited by the subsidiaries which were eliminated in the above tables.

33. Financial assets and liabilities (continued)

33.2 Net gains and losses arising from financial instruments

Group and Bank

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net gain/(loss) arising from:						
Financial instruments measured at amortised cost:						
- Interest income	593,109	430,005	-	535,402	593,109	965,407
- Interest expenses	(315,498)	(179,703)	-	(103,584)	(315,498)	(283,287)
- Fees income	247,337	216,458	-	214,866	247,337	431,324
	<u>524,948</u>	<u>466,760</u>	<u>-</u>	<u>646,684</u>	<u>524,948</u>	<u>1,113,444</u>
Financial instruments measured at FVTPL:						
- Interest income	19,917	13,097	-	-	19,917	13,097
- Net unrealised gain/(loss) from revaluation of investment securities at FVTPL - debt instruments	2,731	(1,920)	-	-	2,731	(1,920)
- Net gain from sales of investment securities at FVTPL						
- debt instruments	6,770	14,771	-	-	6,770	14,771
- Gain/(Loss) from derivatives	114,787	(137,504)	-	1,165	114,787	(136,339)
- Net (loss)/gain on revaluation of investment securities at FVTPL - equity instruments	(2,649)	916	-	-	(2,649)	916
	<u>141,556</u>	<u>(110,640)</u>	<u>-</u>	<u>1,165</u>	<u>141,556</u>	<u>(109,475)</u>
Financial instruments measured at FVOCI:						
- Interest income	335,685	259,640	-	-	335,685	259,640
- Net gain/(loss) from sales of investment securities at FVOCI - debt instruments	7,196	(3,229)	-	-	7,196	(3,229)
	<u>342,881</u>	<u>256,411</u>	<u>-</u>	<u>-</u>	<u>342,881</u>	<u>256,411</u>
Net gains arising from financial instruments	<u>1,009,385</u>	<u>612,531</u>	<u>-</u>	<u>647,849</u>	<u>1,009,385</u>	<u>1,260,380</u>

33. Financial assets and liabilities (continued)

33.3 Determination of fair value and fair value hierarchy

MFRS 13, *Fair Value Measurement* requires each class of assets and liabilities measured at fair value in the statements of financial position after initial recognition to be categorised according to hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable as discussed in Note 3(e)(v).

33.3.1 Financial instruments carried at fair value

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Financial assets				
Investment securities	8,751,705	7,308,747	5,657	16,066,109
Derivative financial assets	-	585,352	69,447	654,799
	<u>8,751,705</u>	<u>7,894,099</u>	<u>75,104</u>	<u>16,720,908</u>
Financial liabilities				
Derivative financial liabilities	-	662,778	13,242	676,020
2022				
Financial assets				
Investment securities	10,293,728	4,412,263	8,311	14,714,302
Derivative financial assets	-	775,629	112,890	888,519
	<u>10,293,728</u>	<u>5,187,892</u>	<u>121,201</u>	<u>15,602,821</u>
Financial liabilities				
Derivative financial liabilities	-	988,095	6,323	994,418

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers between Level 1 and Level 2 fair values

On 31 December 2023, investment securities measured at fair value with a carrying amount of RM7.31 billion (2022: RM4.41 billion) was reported as Level 2 because of the implementation of the Fair Value Hierarchy Levelling Procedure.

On 31 December 2023, investment securities measured at fair value with carrying amount of RM 0.76 billion (2022: RM3.34 billion) were transferred from Level 2 to Level 1 due to availability of quoted prices in the market. In turn, there was a transfer of RM 1.45 billion (2022: RMO.30 billion) in investment securities measured at fair value with carrying amount from Level 1 to Level 2 due to quoted prices in the market for such debt securities became no longer available. In order to determine the fair value of such debt securities, the Bank used a valuation technique in which all significant inputs were based on observable market data.

33. Financial assets and liabilities (continued)

33.3 Determination of fair value and fair value hierarchy (continued)

33.3.1 Financial instruments carried at fair value (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group and Bank	
	2023 RM'000	2022 RM'000
Financial assets		
Balance at 1 January	121,201	53,681
Addition	1,155	58,933
Total (losses)/gains recognised in profit or loss: <i>Attributable to (losses)/gains relating to assets that have not been realised</i>	(47,252)	8,587
Balance at 31 December	75,104	121,201
Financial liabilities		
Balance at 1 January	6,323	17,128
Addition/Settled	1,126	(365)
Total gain/(losses) recognised in profit or loss: <i>Attributable to gains/(losses) relating to liabilities that have not been realised</i>	5,793	(10,440)
Balance at 31 December	13,242	6,323

The following shows the valuation techniques used in the determination of fair values within Level 3:

(a) Investment securities

The fair value of non-marketable equity securities under the measurement alternative is based on observed transaction prices for identical or similar investments of the same issuer, or an internal valuation technique in the case of an impairment. Where significant adjustments are made to the observed transaction price or when an internal valuation technique is used, the security is classified as Level 3. Fair value may differ from the observed transaction price due to a number of factors, including the book value of the underlying investment and marketability adjustments when the observed transaction is not for the identical investment held by the Group and the Bank.

(b) Derivative financial assets and liabilities

Fair values of financial instruments classified at Level 3 are determined using appropriate valuation technique which includes the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable.

33. Financial assets and liabilities (continued)**33.3 Determination of fair value and fair value hierarchy (continued)****33.3.2 Financial instruments not carried at fair value**

In respect of cash and short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, other assets (excluding derivatives), bills and acceptances payable, and other liabilities (excluding derivatives), the carrying amounts in the statements of financial position approximate their fair values due to the relatively short-term/on demand nature of these financial instruments.

The fair values of other financial assets, together with the carrying amounts shown in the statements of financial position, are as follows:

Group and Bank 2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Financial assets					
Loans, advances and financing	-	-	4,606,132	4,606,132	4,606,268
Financial liabilities					
Deposits from customers	-	-	21,409,433	21,409,433	21,402,077
Deposits and placements of banks and other financial institutions	-	-	4,386,683	4,386,683	4,385,664
2022					
Financial assets					
Loans, advances and financing	-	-	5,592,011	5,592,011	5,596,124
Financial liabilities					
Deposits from customers	-	-	19,803,109	19,803,109	19,797,999
Deposits and placements of banks and other financial institutions	-	-	7,067,712	7,067,712	7,065,236

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values at statements of financial position date. The fair value for loans, advances and financing, deposits from customers and deposits and placements of banks and other financial institutions are estimated with similar methodology as discussed in Note 33.3.1(a) and (b).

33. Financial assets and liabilities (continued)

33.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amounts are 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.

Amounts which are not offset in the statement of financial position are related to:

- (i) The counterparties' offsetting exposures with the Group and the Bank where the right to set-off is only enforceable in the event of default, insolvency or bankruptcy of the counterparties; and
- (ii) Cash and securities that are received from or pledged with counterparties.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

	Gross amount of recognised financial assets/ financial liabilities RM'000	Gross amount offset in the financial position RM'000	Amount presented in the statement of financial position RM'000	Amount not offset in the statement of financial position Financial collateral received/pledged RM'000	Net amount RM'000
Group and Bank 2023					
Derivative assets	917,013	(262,214)	654,799	(200,635)	454,164
Securities purchased under resale agreements	5,143,883	-	5,143,883	(42,565)	5,101,318
	6,060,896	(262,214)	5,798,682	(243,200)	5,555,482
Derivative liabilities	938,234	(262,214)	676,020	(81,374)	588,646

33. Financial assets and liabilities (continued)

33.4 Offsetting of financial assets and liabilities (continued)

Group and Bank 2022	Gross amount of recognised financial assets/ financial liabilities RM'000	Gross amount offset in the financial position RM'000	Amount presented in the statement of financial position RM'000	Amount not offset in the statement of financial position Financial collateral received/pledged RM'000	Net amount RM'000
Derivative assets	1,189,947	(301,428)	888,519	(315,945)	572,574
Securities purchased under resale agreements	894,451	-	894,451	(296)	894,155
	<u>2,084,398</u>	<u>(301,428)</u>	<u>1,782,970</u>	<u>(316,241)</u>	<u>1,466,729</u>
Derivative liabilities	1,295,846	(301,428)	994,418	(48,166)	946,252

34. Capital commitments

	Group and Bank 2023 RM'000	2022 RM'000
Contracted but not provided for	<u>6,262</u>	<u>5,571</u>

35. Capital adequacy

(a) The capital adequacy ratios are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Computation of Total Risk-Weighted Assets ("RWA")		
Total credit RWA	11,372,075	13,050,866
Total market RWA	1,801,780	1,417,781
Total operational RWA	3,269,214	3,315,567
Total Risk-Weighted Assets	<u>16,443,069</u>	<u>17,784,214</u>
Computation of Capital Ratios		
Common Equity Tier (1) ("CET 1") Capital	4,595,246	4,756,182
Tier 1 Capital	4,595,246	4,756,182
Total Capital	<u>4,670,142</u>	<u>4,873,313</u>
Group and Bank		
2023		
2022		
Before deducting proposed dividends:		
CET 1 Capital ratio	27.946%	26.744%
Total Tier 1 Capital ratio	27.946%	26.744%
Total Capital ratio	28.402%	27.402%
After deducting proposed dividends:		
CET 1 Capital ratio	21.449%	20.840%
Total Tier 1 Capital ratio	21.449%	20.840%
Total Capital ratio	<u>21.905%</u>	<u>21.498%</u>

Detailed information on the risk exposures above are disclosed in the Pillar 3 disclosures of the annual report as prescribed under BNM's Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosures requirements (Pillar 3).

35. Capital adequacy (continued)

- (a) The capital adequacy ratios are as follows (continued):

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components and Basel II – Risk-Weighted Assets) dated 9 December 2020 and 3 May 2019 respectively. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio are 4.5%, 6.0% and 8.0% respectively for year 2023 before including capital conservation buffer and countercyclical capital buffer ("CCyB").

Banking institutions are required to maintain a capital conservation buffer of 2.5% and CCyB above the minimum regulatory capital adequacy ratios above.

- (b) The components of CET 1, Tier 1 and Tier 2 Capital are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Paid up ordinary share capital	502,000	502,000
Retained profits	4,122,874	4,364,574
Other reserves	56,251	38,987
Less: Regulatory reserves	(65,000)	(105,000)
Less: Deferred tax assets	(20,879)	(44,379)
Total CET 1 Capital/Tier 1 Capital	4,595,246	4,756,182
Tier 2 Capital		
Loss allowance and regulatory reserves*	74,896	117,131
Total Tier 2 Capital	74,896	117,131
Total Eligible Tier 2 Capital	74,896	117,131
Total Capital	4,670,142	4,873,313

*Excludes loss allowance restricted from Tier 2 Capital by BNM of RM Nil (2022: Nil).

36. Commitments and contingencies

The off-balance sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

Group and Bank 2023	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,812,972	1,812,972	1,794,849
Transaction related contingent items	844,552	422,276	403,547
Short-term self-liquidating trade related contingencies	435,902	87,180	86,263
Forward asset purchases	18,340	18,340	18,340
Foreign exchange related contracts:			
One year or less	108,992,631	1,158,275	634,133
Over one year to five years	5,426,865	240,487	117,630
Interest/Profit rate related contracts:			
One year or less	42,859,800	33,594	12,369
Over one year to five years	60,029,045	769,094	274,231
Over five years	2,661,160	107,157	46,760
Equity related contracts:			
One year or less	242,682	8,908	8,908
Debt security contracts and other commodity contracts:			
One year or less	11,983,016	687,343	499,237
Over one year to five years	44,596	2,676	2,026
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	112,562	22,512	22,512
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,426,018	-	-
Unutilised credit card lines	777,797	155,559	155,449
Total	251,667,938	5,526,373	4,076,254

36. Commitments and contingencies (continued)

Group and Bank 2022	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,403,436	1,403,436	1,358,573
Transaction related contingent items	767,808	383,904	372,997
Short-term self-liquidating trade related contingencies	499,250	99,850	99,496
Forward asset purchases	21,258	21,258	21,258
Foreign exchange related contracts:			
One year or less	80,844,713	856,418	466,112
Over one year to five years	5,184,350	231,544	132,103
Over five years	133,268	9,440	4,022
Interest/Profit rate related contracts:			
One year or less	38,545,233	64,654	47,629
Over one year to five years	66,359,140	1,039,387	503,578
Over five years	4,960,140	197,413	95,982
Equity related contracts:			
One year or less	83,044	3,872	3,872
Debt security contracts and other commodity contracts:			
One year or less	17,250,059	937,248	675,501
Over one year to five years	139,800	12,069	8,014
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	107,616	53,808	53,808
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	13,720,544	-	-
Unutilised credit card lines	667,555	133,511	133,399
Total	230,687,214	5,447,812	3,976,344

37. The operations of Islamic Banking

Statement of financial position as at 31 December 2023

	Note	2023 RM'000	Bank 2022 RM'000
Assets			
Cash and short-term funds	(a)	1,279,966	1,176,716
Investment securities	(b)	630,788	761,390
Deferred tax assets		42	994
Other assets	(c)	6,017	5,928
Total assets		<u>1,916,813</u>	<u>1,945,028</u>
Liabilities			
Deposits and funds from customers	(d)	731,643	553,875
Deposits and placements of banks and other financial institutions	(e)	485,668	651,090
Other liabilities	(f)	6,486	53,833
Provision for taxation		7,478	27,385
Total liabilities		<u>1,231,275</u>	<u>1,286,183</u>
Islamic Banking funds	(g)	685,538	658,845
Total liabilities and Islamic Banking funds		<u>1,916,813</u>	<u>1,945,028</u>

37. The operations of Islamic Banking (continued)

Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023

	Note	2023 RM'000	Bank 2022 RM'000
Continuing operations			
Income derived from investment of depositors' funds and others	(h)	33,924	40,247
Income attributable to depositors and others	(j)	(9,552)	(7,300)
Total attributable to the Bank		24,372	32,947
Income derived from investment of Islamic Banking funds	(k)	7,242	422
Total net income		31,614	33,369
Other operating expenses	(m)	(456)	(450)
Allowance for/(Write back of) impairment on other assets		6	(5)
Profit before taxation		31,164	32,914
Tax expense	(n)	(7,479)	(10,500)
Profit from continuing operations		23,685	22,414
Discontinued operation			
Profit from discontinued operation, net of tax		-	1,789
Profit for the year		23,685	24,203
Other comprehensive income/(loss), net of tax			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Debt investment securities measured at FVOCI			
- Net change in fair value		3,008	(1,454)
Total other comprehensive income/(loss) for the year		3,008	(1,454)
Total comprehensive income for the year		26,693	22,749
Profit for the year attributable to:			
Owner of the Bank		23,685	24,203
Total comprehensive income attributable to:		26,693	22,749
Owner of the Bank		26,693	22,749

37. The operations of Islamic Banking (continued)

Statement of changes in Islamic Banking funds for the financial year ended 31 December 2023

	Capital funds RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2022	20,000	(1,688)	617,784	636,096
Fair value reserve on investment securities:				
- Net change in fair value	-	(1,454)	-	(1,454)
Profit for the year	-	-	24,203	24,203
Total comprehensive (loss)/income for the year	-	(1,454)	24,203	22,749
At 31 December 2022/1 January 2023	20,000	(3,142)	641,987	658,845
Fair value reserve on investment securities:				
- Net change in fair value	-	3,008	-	3,008
Profit for the year	-	-	23,685	23,685
Total comprehensive income for the year	-	3,008	23,685	26,693
At 31 December 2023	20,000	(134)	665,672	685,538

Note 37(g)

37. The operations of Islamic Banking (continued)

Statement of cash flows for the financial year ended 31 December 2023

	2023 RM'000	Bank 2022 RM'000
Cash flows from operating activities		
Profit before taxation from:		
Continuing operations	31,164	32,914
Discontinued operation	-	2,522
	<u>31,164</u>	<u>35,436</u>
<i>Adjustments for:</i>		
Accretion of discount less amortisation of premium of investment securities	4,389	(27,958)
(Write back of)/Allowance for impairment on other assets	(6)	5
Gain from sale of investment securities at FVOCI	(22)	(251)
	<u>35,525</u>	<u>7,232</u>
Operating profit before working capital changes	35,525	7,232
Changes in working capital:		
Investment securities	16,419	133,452
Financing, advances and others	-	109,789
Other assets	(83)	(2,117)
Deposits and funds from customers	177,768	4,966
Deposits and placements of banks and other financial institutions	(165,422)	(1,258,175)
Other liabilities	(46,395)	40,142
	<u>17,812</u>	<u>(964,711)</u>
Cash generated from/(used in) operating activities	17,812	(964,711)
Income taxes	(27,385)	(14,175)
	<u>(9,573)</u>	<u>(978,886)</u>
Net cash used in operating activities	(9,573)	(978,886)
Cash flows from investing activities		
Purchase of investment securities	(1,739,950)	(470,449)
Proceeds from disposal of investment securities	1,852,773	195,331
	<u>112,823</u>	<u>(275,118)</u>
Net cash generated from/(used in) investing activities	112,823	(275,118)
Net increase/(decrease) in cash and cash equivalents	103,250	(1,254,004)
Cash and cash equivalents at 1 January	1,176,716	2,430,720
Cash and cash equivalents at 31 December (Note 37(a))	<u>1,279,966</u>	<u>1,176,716</u>

37. The operations of Islamic Banking (continued)

(a) Cash and short-term funds

	2023 RM'000	Bank 2022 RM'000
Money at call and deposit placements maturing within one month	1,279,966	1,176,716

(b) Investment securities

(i) By measurement

	2023 RM'000	Bank 2022 RM'000
Investment securities measured at FVOCI	630,788	761,390

(ii) By type

	2023 RM'000	Bank 2022 RM'000
Malaysian Government Investment Issues	630,788	761,390

(c) Other assets

	2023 RM'000	Bank 2022 RM'000
Profit receivables	5,951	5,212
Other debtors, deposits and prepayments	66	722
	6,017	5,934
Less: Loss allowance	-	(6)
	6,017	5,928

37. The operations of Islamic Banking (continued)
(d) Deposits and funds from customers
(i) By type of deposits and funds

	2023 RM'000	Bank 2022 RM'000
<u>Non-Mudarabah Fund</u>		
Demand deposits	731,643	553,875
(ii) By type of customer		
Government and statutory bodies	576,399	514,865
Business enterprises	155,244	39,010
	<u>731,643</u>	<u>553,875</u>

(e) Deposits and placements of banks and other financial institutions

	2023 RM'000	Bank 2022 RM'000
Bank Negara Malaysia	-	83,765
Licensed banks	43,780	90,618
Licensed financial institutions	441,888	476,707
	<u>485,668</u>	<u>651,090</u>

(f) Other liabilities

	2023 RM'000	Bank 2022 RM'000
Other creditors and accruals	6,486	53,833
	<u>6,486</u>	<u>53,833</u>

(g) Islamic Banking funds

	2023 RM'000	Bank 2022 RM'000
Capital funds	20,000	20,000
Fair value reserve	(134)	(3,142)
Retained profits	665,672	641,987
	<u>685,538</u>	<u>658,845</u>

37. The operations of Islamic Banking (continued)

(h) Income derived from investment of depositors' funds and others

Bank

		Continuing operations		Discontinued operation		Total	
		2023	2022	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:							
General investment funds	(i)	33,924	40,247	-	2,720	33,924	42,967

(i) Income derived from investment of general investment funds

Bank

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Finance income and hibah						
Financing, advances and others	-	-	-	2,720	-	2,720
Money at call and placements with financial institutions	15,965	24,875	-	-	15,965	24,875
Investment securities at FVOCI	17,959	15,334	-	-	17,959	15,334
	33,924	40,209	-	2,720	33,924	42,929
Accretion of discount less amortisation of premium	-	38	-	-	-	38
Total finance income and hibah	33,924	40,247	-	2,720	33,924	42,967
Income from general investment funds	33,924	40,247	-	2,720	33,924	42,967

(i) Write back of impairment on financing, advances and others

Bank

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12-months ECL	-	-	-	(40)	-	(40)
Lifetime ECL not credit-impaired	-	-	-	(106)	-	(106)
Lifetime ECL credit-impaired	-	-	-	(245)	-	(245)
Impaired financing, advances and others:						
- written off	-	-	-	31	-	31
- recovered	-	-	-	10	-	10
	-	-	-	(350)	-	(350)

37. The operations of Islamic Banking (continued)**(j) Income attributable to depositors and others****Bank**

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deposits and funds from customers						
- Non-Mudarabah Fund	9,552	7,300	-	1,430	9,552	8,730

(k) Income derived from investment of Islamic Banking funds**Bank**

	Continuing operations		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financing, advances and others	-	-	-	825	-	825
Money at call and placements with financial institutions	7,803	7,543	-	-	7,803	7,543
Investment securities at FVOCI	8,778	4,650	-	-	8,778	4,650
	16,581	12,193	-	825	16,581	13,018
Accretion of discount less amortisation of premium	(1,381)	(6,508)	-	-	(1,381)	(6,508)
Total finance loss and hibah	15,200	5,685	-	825	15,200	6,510
Other operating income						
Gain from investment securities at FVOCI	22	252	-	-	22	252
Loss from investment securities at FVTPL	-	(2)	-	-	-	(2)
Fee income	164	99	-	133	164	232
Foreign exchange loss, net	(8,144)	(5,612)	-	-	(8,144)	(5,612)
	(7,958)	(5,263)	-	133	(7,958)	(5,130)
	7,242	422	-	958	7,242	1,380

37. The operations of Islamic Banking (continued)

(l) Net income from Islamic Banking operations

For consolidation with the conventional operations, income from Islamic Banking operations comprises the following:

Bank	Note	Continuing operations		Discontinued operation		Total	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income derived from investment of depositors' funds and others	(h)	33,924	40,247	-	2,720	33,924	42,967
Income attributable to depositors and others	(j)	(9,552)	(7,300)	-	(1,430)	(9,552)	(8,730)
Income derived from investment of Islamic Banking funds	(k)	7,242	422	-	958	7,242	1,380
		<u>31,614</u>	<u>33,369</u>	<u>-</u>	<u>2,248</u>	<u>31,614</u>	<u>35,617</u>

(m) Other operating expenses

Bank	Continuing operations		Discontinued operation		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Personnel costs						
- Salaries, allowances and bonuses	217	-	-	-	217	-
- Contributions to Employees' Provident Fund	40	-	-	-	40	-
- Staff allowances and benefits	34	-	-	24	34	24
Establishment costs	83	-	-	-	83	-
Administrative and general expenses	82	450	-	51	82	501
	<u>456</u>	<u>450</u>	<u>-</u>	<u>75</u>	<u>456</u>	<u>525</u>

37. The operations of Islamic Banking (continued)

(m) Other operating expenses (continued)

Included in other operating expenses is the Shariah Committee's remuneration. The total remuneration of the Shariah committee members are as follows:

	Bank	
	2023 RM'000	2022 RM'000
Prof. Dr. Muhammad Ridhwan bin Ab. Aziz	62	48
Dato. Prof. Dr. Noor Inayah binti Yaakub	20	28
Dr. Fuadah Johari	-	44
Encik Shahrir bin Sofian	35	-
Dr. Mohd Hafiz bin Mohd Dasar	25	-
Assoc. Prof. Dr. Mushaddad bin Hasbullah	7	-
	149	120
	149	120

(n) Tax expense

	Bank	
	2023 RM'000	2022 RM'000
Income tax expense on continuing operations	7,479	10,500
Income tax expense on discontinued operation	-	733
Total income tax expense	7,479	11,233
	7,479	11,233
Malaysian income tax		
- Current tax expense	7,479	10,522
- Deferred tax expense	-	711
	7,479	11,233
	7,479	11,233

37. The operations of Islamic Banking (continued)

(n) Tax expense (continued)

Reconciliation of tax expense

	2023 RM'000	Bank 2022 RM'000
Profit before taxation		
- Continuing operations	31,164	32,914
- Discontinued operation	-	2,522
	<u>31,164</u>	<u>35,436</u>
Income tax using Malaysian tax rate of 24%	7,479	8,505
Income tax using Malaysian tax rate of 33%	-	2,728
	<u>7,479</u>	<u>11,233</u>

(o) Zakat

Zakat is compulsory for business activities. According to the principles of Shariah, Muslim shareholders of the Bank are obliged to make payment. Thus, the Bank is not obliged for the collection or payment of zakat on behalf of its Muslim depositors and shareholders as resolved by its Shariah Committee.

As of 31 December 2023, the shareholding of Citibank Berhad is 100% owned by Citigroup Holding (Singapore) Pte. Ltd., hence no assessment was made on zakat payable.

(p) Capital adequacy

(i) The capital adequacy ratios are as follows:

	2023 RM'000	Bank 2022 RM'000
Computation of Total Risk-Weighted Assets ("RWA")		
Total credit RWA	75	730
Total market RWA	-	-
Total operational RWA	72,590	89,432
Total Risk-Weighted Assets	<u>72,665</u>	<u>90,162</u>
Computation of Capital Ratios		
Common Equity Tier (1) ("CET 1") Capital	685,496	657,851
Tier 1 Capital	685,496	657,851
Total Capital	685,496	657,857
CET 1 Capital Ratio	943.365%	729.632%
Total Tier 1 Capital Ratio	943.365%	729.632%
Total Capital Ratio	<u>943.365%</u>	<u>729.639%</u>

37. The operations of Islamic Banking (continued)

(p) Capital adequacy (continued)

The total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) dated 9 December 2020 and 3 May 2019 respectively. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio and Tier 1 Capital Ratio are 4.0% and 5.5% respectively for year 2023 and 2022. The minimum regulatory capital adequacy requirement remains at 8.0% (2022: 8.0%) for Total Capital Ratio.

Islamic financial institutions are required to maintain a capital conservation buffer of 2.5% and CCyB above the minimum regulatory capital adequacy ratios above.

(ii) The components of CET 1, Tier 1 and Tier 2 Capital are as follows:

	2023 RM'000	Bank 2022 RM'000
Capital funds	20,000	20,000
Retained profits	665,672	641,987
Other reserves	(134)	(3,142)
Less: Deferred tax assets	(42)	(994)
Total CET 1 Capital/Tier 1 Capital	<u>685,496</u>	<u>657,851</u>
Tier 2 Capital		
Loss allowance and regulatory reserve*	-	6
Total Tier 2 Capital	<u>-</u>	<u>6</u>
Total Capital	<u>685,496</u>	<u>657,857</u>

*Excludes loss allowance restricted from Tier 2 Capital by BNM of RM Nil (2022: Nil).

37. The operations of Islamic Banking (continued)

(q) Sources and uses of charity funds

Earnings that were realised sources or by means prohibited by Shariah have been considered for charitable causes.

	2023 RM'000
Sources of charity funds	
Balances as at 1 January	-
Syariah non-compliant income	2
Total sources of charity funds during the year	<u>2</u>
Uses of charity funds	
Contribution to non-profit organisation	2
Total uses of charity funds during the year	<u>2</u>
Undistributed charity funds as at 31 December	<u>-</u>

37. The operations of Islamic Banking (continued)

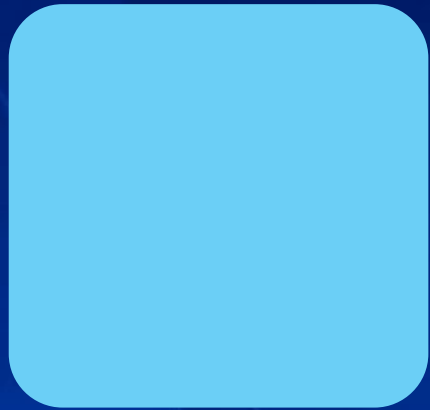
(r) Profit rate risk

Bank 2023	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
Financial assets									
Cash and short-term funds	1,279,966	-	-	-	-	-	-	1,279,966	2.07
Investment securities	-	-	150,433	480,355	-	-	-	630,788	-
Others assets	-	-	-	-	-	6,017	-	6,017	-
Total financial assets	1,279,966	-	150,433	480,355	-	6,017	-	1,916,771	
Financial liabilities									
Deposits and funds from customers	731,643	-	-	-	-	-	-	731,643	0.96
Deposits and placements of banks and other financial institutions	485,668	-	-	-	-	-	-	485,668	0.61
Other liabilities	-	-	-	-	-	6,486	-	6,486	-
Total financial liabilities	1,217,311	-	-	-	-	6,486	-	1,223,797	
On-balance sheet profit sensitivity gap	62,655	-	150,433	480,355	-	(469)	-		

37. The operations of Islamic Banking (continued)

(r) Profit rate risk (continued)

Bank 2022	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non- profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
Financial assets									
Cash and short-term funds	1,176,716	-	-	-	-	-	-	1,176,716	1.65
Investment securities	-	-	485,288	276,102	-	-	-	761,390	-
Others assets	-	-	-	-	-	5,928	-	5,928	-
Total financial assets	1,176,716	-	485,288	276,102	-	5,928	-	1,944,034	
Financial liabilities									
Deposits and funds from customers	553,875	-	-	-	-	-	-	553,875	0.87
Deposits and placements of banks and other financial institutions	651,090	-	-	-	-	-	-	651,090	0.54
Other liabilities	-	-	-	-	-	53,833	-	53,833	-
Total financial liabilities	1,204,965	-	-	-	-	53,833	-	1,258,798	
On-balance sheet profit sensitivity gap	(28,249)	-	485,288	276,102	-	(47,905)	-		



www.citigroup.com/Malaysia

CITIBANK BERHAD

Registration No. 199401011410 (297089-M)

Level 44, Menara Citibank, 165 Jalan Ampang,
50450 Kuala Lumpur

+603 2383 1111

